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# DEVELOPING AND ADMINISTERING A VARIABLE BASIC ALLOWANCE FOR QUARTERS

by

LCDR Orrin B. Ross, SC, USN

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# DEVELOPING AND ADMINISTERING A VARIABLE BASIC ALLOWANCE FOR QUARTERS

by

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A Thesis submitted to the faculty of the School of Government and Business Administration of The George Washington University in partial satisfaction of the requirements for the degree of Master of Business Administration

April 30, 1966

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## PREFACE

As an officer in the U. S. Navy, the author has had recent duty assignments in Athens, Georgia; Bath, Maine; Boston, Massachusetts; Norfolk, Virginia; and Washington, D. C. From place to place the cost of private housing has varied significantly. For example, present housing costs in Washington, D. C., are nearly two and one-half times what they were in Athens, Georgia, in 1960. The Basic Allowance for Quarters (BAQ) of a military person is the same throughout the United States. After moving from Boston to Norfolk, the author experienced an equivalent of a 10 per cent increase in real wages after paying housing costs, even though his housing costs remained well above his BAQ. When the author was transferred from Norfolk to Washington in 1965, his real wages after paying housing costs decreased nearly 15 per cent because of the high costs in the Washington area.

Realizing that his experiences were common to military persons, the author undertook investigation of how to make the BAQ serve its intended purpose--to pay the cost of adequate quarters for the military member and his family irrespective of where assigned. In researching past studies on BAQ, it became apparent that there is general agreement that a variable BAQ is desirable but little agreement on how to implement and administer such a plan. This study investigates the Continental United

States (CONUS) variable BAQ and proposed a method by which it can be implemented and administered.

The author wishes to express sincere appreciation to Miss Mabel Branton of the Department of the Navy (Office of Industrial Relations); Mr. Erle Curtis of the Department of State (Allowances Division); Mr. Raymond J. Braitsch of the Army-Air Force Wage Board; Mr. Frank Hirsch of the Bureau of Yards and Docks (Requirements and Statistics); Mr. Fordyce A. Voss of the Federal Housing Authority (Statistics Section); Dr. Rudy Oswald of the AFL-CIO (Statistics Department); Major Clinton W. Effinger, USAF, of the Department of the Air Force (Personnel Division); and LCDR Andrew Kartalis, CEC, USN, of the Bureau of Yards and Docks, for their willingness to assist by providing invaluable information and advice. It is hoped that this paper can make a contribution towards alleviating the present housing problems confronting military families and that it will prove worthy of the assistance given by the aforementioned.

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# CHAPTER I

## INTRODUCTION

> Attempt the end and never stand to doubt,
> Nothing is so hard but search will find it out.
>
> -- Herrick

What is the most significant problem in the military services today? Senior military and civilian personnel in the Department of Defense (DOD) testifying before Congressional committees on the budget for Fiscal Year 1966 stressed the retention of skilled experienced military personnel as careerists as one of their most important problems. Secretary of the Navy Paul H. Nitze, in his testimony on this subject, said:

> At the heart of our enlisted problems are such causative factors as adequacy of housing, family separations, pay structure, and the image of career service.

Later in his testimony, after relating the hard facts about the average junior line officer's first seven years in the service and how little time he can be at home, he continued:

> The other basic cause of junior officer separation is more susceptible to remedies. It involves such factors as promotion opportunity; housing, both family and BOQ; financial compensation; and the image of a career . . .

This study will be limited to one aspect of the problem, which, to repeat Secretary Nitze's phrase, is "susceptible to remedies"--housing.

What is the government's responsibility and its historical position in regard to providing adequate housing for military personnel and their families? The government's role is explicitly outlined in the case of Major Clifford Jones v. U. S., decided April 13, 1925.[1] This case established that quarters or commutation for quarters provided Army officers are allowances and not compensation as defined by income tax laws. It was the opinion of the Court that:

> . . . Congress has uninterruptedly recognized the right of officers to public quarters when available at his post or station and, when not so available his right to commutation of quarters in money. . . . Therefore, it seems to us that military quarters for both the enlisted men and officers of the Army are no more than an integral part of the organization itself. They are, so to speak, units of the military plant, the indispensable facilities for keeping the Army intact and maintaining it as such, as much so as the crude shelter provided for a watchman at a railroad station, or the lonely habitation of a lighthouse keeper. The officer is not paid a salary and furnished a house to live in for his services; he is, on the contrary, paid a salary to live in the quarters furnished.[2]

Subsequent legislation on housing for military personnel and their families has continued to recognize that to be effective a military organization must have its members quartered at or close by their duty stations. Military personnel requirements after World War II remained at an unprecedented high level. This in turn created severe housing shortages in military impacted areas. In spite of efforts to resolve this problem, it still remains. Thus, today, the government finds itself with a difficult military housing

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[1] Jones v. United States, 60 C. cls. 552 (1925).

[2] Ibid., pp. 569-570.

problem--that of finding a practical way of putting into practice its intent of adequately housing military men and their families near their duty stations.

Since World War II the problem of housing military personnel and their dependents has been given much attention. Foremost of the governmental programs were the Wherry Act enacted in 1949[1] and the Capehart Act enacted in 1955.[2] The Wherry program ended in 1955 and the Capehart program in 1962. Together these two programs are credited with building 198,000 housing units.[3] Today, family housing programs compete for appropriated fund dollars with other military requirements. The vulnerability of our present approach to solving military family housing was highlighted when Secretary of Defense Robert S. McNamara in December, 1965, announced the indefinite postponement of construction of family housing in the Fiscal Year 1966 budget because of the high cost of the Vietnam war.[4]

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[1]Public Law 81-211, enacted August 8, 1949. This Act became known as "The Wherry Act," and housing constructed under its provisions became known as Wherry Housing.

[2]Public Law 84-345, enacted August 11, 1955. This Act became known as "The Capehart Act," and housing constructed under its provisions became known as Capehart Housing.

[3]Paul D. Olson, "Management of the Operation and Maintenance of Family Housing." Unpublished Master's thesis, School of Government, Business and International Affairs, The George Washington University, 1965, pp. 4-6.

[4]"Family Housing Is Postponed," The Journal of the Armed Forces, CIII, No. 17 (December 25, 1965), 1.

Reference has been made to Secretary Nitze's testimony on the inadequacy of housing for Navy personnel and their families; a further quote quantifies and enlarges upon his earlier remarks:

> Approximately 31,000 military personnel are spending excessive amounts--that is, an average of $23 more than their basic quarters allowance each month--to secure suitable housing for their dependents. Some of our people cannot afford to locate their families in communities near our bases . . .[1]

It is clear that past and present efforts have not been, and are not being, successful in providing adequate housing for military personnel and their families. Therefore, it appears clear that new methods of providing adequate housing should be tried.

This thesis is concerned with the development of a Continental United States (CONUS) variable BAQ and how it would effectively supplement the present housing program. This concept is neither original (for this principle is already in use in the administration of overseas housing allowances) nor thought to be the panacea for all housing problems which confront military persons. However, it is felt that a CONUS variable BAQ is timely for the following reasons:

1. It could be implemented in a short time after enactment, whereas present programs, with the exception of the limited rental program of private housing, would require two to three years to affect the housing situation.

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[1] U. S. Department of the Navy, Budget Digest Fiscal Year 1966, NAVSO P-1355, November 30, 1965, p. 5.

2. The short implementation time could be effective in immediately showing that something tangible is being done. Granted this will only help people in high housing cost areas, but it must be assumed that the remainder can find adequate housing within their present allowances.

3. The cost of housing allowance would provide each member of the military services of equal rate/rank and status with approximately the same amount of money for his other needs.

4. It would eliminate, or at least diminish, the inequities between costs of living in government quarters and in private quarters.

5. Service families could afford to live in the area of the service member's duty station regardless of the housing costs in that area.

In researching this topic, little published information was found. However, many unpublished theses and studies are available on providing military personnel adequate housing and its associated problems. Of these, a Department of Defense study of military compensation, completed in 1962, was found most applicable. One of the problems examined was: "Investigate the need for and the feasibility of a variable quarters allowance within the United States."[1] This study group accepted the fact that there

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[1] F. S. O'Brien, Variable Quarters Allowance. A study for the U. S. Department of Defense, July 18, 1962, p. 1.

are variations in the cost of living among the different parts of the country and that of all the individual variations the greatest are in the cost of housing. Helen H. Lamale and Margaret S. Stotz, in their 1960 article entitled "The Interim City Worker's Family Budget," support the foregoing and provide figures that emphasize how widely housing costs vary and their relative importance in the total family budget.

> Among these 20 cities, shelter costs represented about one-fifth to one-fourth of the total cost of goods and services. . . . With the cost in Washington, D. C., equal to 100, these shelter costs were 71 in Scranton and 113 in Chicago, a difference of 42 percentage points. Excluding these two cities, the overall percentage difference in the cost of rent, heat, and utilities was 29 percentage points, about the same magnitude as that observed when this type of comparison was last made in October 1951. However, the relative positions of the individual cities have changed substantially.[1]

It is the accepted premise of this paper that housing costs in the United States vary widely. This hypothesis is extended to state that the housing costs of military personnel and their families vary widely in the United States as they are stationed throughout the country. Support for extending this hypothesis was gained as a result of a non-statistical survey of military personnel on duty in the Washington, D. C., area. Chapter III will discuss the survey and the information obtained.

For this study the only form of a variable Basic Allowance for Quarters (BAQ) considered is one in which the established BAQ rate is paid

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[1] Helen H. Lamale and Margaret S. Stotz, "The Interim City Worker's Family Budget," Monthly Labor Review, August, 1960, p. 788.

to everyone and the varying portion is always added to the basic amount. Presently this system is used by the Department of Defense for military persons overseas. This means that only those personnel with excess housing costs have a variable BAQ; others receive the basic amount even if their housing costs are less than the established rate. Technically, a variable BAQ would most often mean that the basic allowance itself would change, but the onerous administrative tasks associated with such a system led this study to disregard this form of BAQ and to adopt only the former case.

In seeking ways to improve the present housing situation for military personnel with a CONUS variable BAQ, the following questions seem basic to the problem:

1. Is it possible to develop a regional index of sufficient accuracy on which to base BAQ?

2. Will a system based upon such an index be economically feasible to administer?

3. How often must/should the regional housing index be updated?

4. Would this system make our military pay and allowances more equitable than at present?

5. Are there successful pay and allowance systems in use in the United States today that utilize indices as a basis for setting and changing pay and allowance rates? If so, would they be good models to follow in designing a CONUS variable BAQ?

Successful resolution of the above could mean that it is possible, feasible, and desirable to have a CONUS cost-of-housing allowance. It is with this end in mind that this study proceeds.

This study is organized as follows:

Chapter I -- High officials within the DOD testified before Congressional committee hearings on the 1966 Budget that inadequate housing for military personnel is one of today's urgent problems. The government's efforts since World War II to remedy the military personnel housing situation have been unsuccessful. This chapter recommends a way of solving this problem--the variable BAQ--and offers justification as to why it should successfully supplement present military family housing programs and ultimately produce the desired results.

Chapter II -- This chapter discusses the history of quarters allowance in the military services. Primary sources are service regulations, Congressional hearings, government statutes, and previous studies on the subject. Since 1782 regulations providing housing for some military personnel have been in existence. It was not until 1918 that the government accepted increased responsibility to provide independently for dependents of military officers. Legislation passed since 1940 extended the government's responsibility in regard to providing quarters or a housing allowance to include all military personnel and their dependents.

Chapter III -- How "big" is the difference in housing costs for military persons? A limited survey of military persons presently serving

in the Washington, D. C., area shows their average housing costs in Washington, D. C., are significantly higher than average housing costs at their previous duty stations. Also discussed is a 1962 survey conducted at the Command and Staff College, Maxwell Air Force Base, Alabama, which revealed widely varying housing costs for the nine different areas in the study.

Chapter IV -- In 1962 Congress voted the last BAQ increase. During the hearings much discussion centered on the subject, a variable BAQ as opposed to a flat across-the-board BAQ. Before and after the hearings, the Department of Defense conducted studies and published reports on their findings. The object of this chapter is to highlight the events and to align them to answer the question, "What is the status and thinking on a variable BAQ today?"

Chapter V -- Research revealed that many responsible people, both in Congress and DOD, desire a variable BAQ. However, little acceptance has been gained for any proposed plans on how to implement and administer a variable BAQ. This chapter proposes and discusses a plan for the implementation of a variable BAQ. Additionally, it proposes a modification that, coupled with the basic plan, would provide a sound basis on which to propose future legislation on not only BAQ and a cost-of-housing allowance, but family housing programs as well.

Chapter VI -- This chapter summarizes the entire study. Additionally, the conclusions reached as a result of this study are presented as

answers to questions originally posed in Chapter I. These answers show how the obstacles to a variable BAQ will be successfully dealt with by the proposed method. Further, it concludes that it is possible, feasible, and desirable to have a variable BAQ to improve the present housing situation for military personnel. Prior to the acceptance of using a military survey for establishing an index of area housing costs, the study recommends a statistically computed sample be taken and analyzed to test the feasibility of such a survey for establishing the index.

## Summary

Providing adequate housing for military personnel near their duty stations has been an unsolved problem since World War II. Heretofore the government has primarily utilized family housing building projects, such as Wherry and Capehart, to remedy the problem. The purpose of this study is to develop a variable BAQ that would supplement the present housing program. Because a variable BAQ could be enacted quickly, it is judged to be especially timely now as a replacement for the family housing construction program indefinitely postponed in December, 1965, because of the high cost of the Vietnam war.

## CHAPTER II

## HISTORY OF BAQ IN THE ARMED FORCES OF THE UNITED STATES

The best prophet of the future is the past.

-- John Sherman

This chapter will develop the history of quarters allowances in the military services of the United States. As the country grew and matured the role of the military expanded. This required constant extension and modification of existing military regulations. An early problem was the inadequate number of public quarters. The regulations were changed to provide for the renting of private housing when required. Later, our large involvement overseas in World War I revealed the necessity for providing for dependents when the military man is permanently assigned in an area where the family cannot go. Soon the law was changed to rectify this situation. The full mobilization of our country in World War II and our country's postwar commitments brought with it housing problems that are still unsolved.

This paper is limited; thus, only the regulations and changes concerning BAQ will be discussed. The history of the BAQ breaks down into two periods:

1. 1782 to 1918 -- The government recognized responsibility for providing military personnel quarters but did not provide (independently) for their dependents.

2. 1918 to present -- The government accepted increased responsibility for providing quarters for dependents.

Quarters for members of the United States Armed Forces were first authorized by an Act passed in 1782. The Act specifically provided a Major General and his family with one covered four-horse wagon and one two-horse wagon.[1] The concept of family quarters was slow to develop. Prime reasons for this were the small size of the armed forces and the relatively small percentage of married officers and men in the armed forces. By the early 1800's it became a general practice to build quarters on-station for the commanding officers and others holding key positions.[2]

Rules and Regulations of the War Department - 1812, promulgated in 1813, provided, under the chapter entitled "Regulations which shall govern the allowance of quarters, of forage, of fuel . . . ," allowances of quarters in kind--for example, for a Major General, three rooms and a kitchen; for field officers, one room and a kitchen.

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[1] U. S., House of Representatives, Committee on Appropriations, Surveys and Investigations Staff, Report on Costs of Operating and Maintaining Capehart, Wherry, and Other Family Housing, U.S. Department of Defense, January, 1961, p. 3.

[2] Olson, op. cit., p. 1.

These regulations provided fuel allowances that differed solely on the basis of the geographical area of the officer's assignment. A Captain's allowance illustrates this portion of the regulations. All Captains were allowed one cord of wood per month, and those assigned to stations north of North Carolina and Tennessee received an additional half cord of wood per month from the first day of October to the first day of April in each year.[1] The foregoing clearly recognized that fuel needs in the North are greater than in the South. Later, the foregoing was modified to provide for three different fuel allowances based solely on geographical location.[2] By 1821, Army Regulations stated that officers were entitled to quarters at their permanent stations whether the quarters be publicly owned or hired. Normally the quarters would be rented by the station quartermaster, but in instances where there was no quartermaster at the station the officer would himself procure the quarters and fuel and be entitled to reimbursement for the actual cost of same. Prior to reimbursement, the officer concerned had to produce vouchers for the payment and to show satisfactory proof that the quarters were actually rented and the fuel purchased at the most reasonable rates.[3]

---

[1] U. S., War Department, Rules and Regulations of the War Department - 1812 (Washington: Manuscript, 1812).

[2] U. S., War Department, Army Regulations 1857 (New York: Harper and Brothers, 1857), p. 175.

[3] U. S., War Department, General Regulations for the Army 1821 (Philadelphia: M. Carey and Sons, 1821), p. 190.

Under these regulations an officer was insured quarters at no personal expense. The equity of this system is clear, at least as it pertains to money: officers of equal rank had the same amount after their housing needs were satisfied, in spite of widely varying regional housing costs.

In 1835, Army Regulations pertaining to quarters for officers were expanded to include a reasonable commutation in money under specific conditions.

> At stations where officers serve without troops, and where there are no public quarters, the Quartermaster General is authorized to cause quarters to be hired for them; or, if it be found more convenient to the service, to allow them a reasonable commutation in money. Provided, that the allowance shall, in all cases, be so apportioned by the Quartermaster General, that the whole sum paid for rent or commutation shall not exceed the present actual expenditures for these objects.
>
> When a commutation is made for quarters, a commutation will also be allowed for fuel, to be paid by the authority of the Quartermaster General, not to exceed the average market price. [1]

The foregoing meant that when a commutation of money was made to individual officers, the maximum amount commuted to any officer was directly related to housing and fuel costs in the area of his duty station. Further, although average market price is not defined, the intent appears to be that officers were to be allowed sufficient money to cover rent and heat for adequate housing in any area where they were assigned duty.

In 1861, Army Regulations recognized the widely differing costs for housing in the United States and provided accordingly:

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[1] U. S., War Department, Army Regulations 1835 (Washington: Globe Office, 1835), p. 148.

The following rates of monthly commutation for quarters, when officers are serving without troops and at posts where there are no public quarters which they can occupy, have been established.

1. At Boston, New York, Philadelphia, Baltimore, Washington City, Charleston, Key West, Mobile and New Orleans, and at all posts and stations in Texas, and in the territories of New Mexico, Oregon, Washington, $9 per room.

2. At Detroit, Chicago, and St. Louis, and at all places east of the Rocky Mountains, not heretofore enumerated, $8 per room.

3. At San Francisco, $20 per room, and at all other places in California, $12 per room.[1]

Simple mathematics show that an officer in San Francisco received 250 per cent more quarters commutation than an equivalent officer in Chicago. It is significant to note that the makers of this regulation felt that housing costs in the United States varied widely and, further, that they were competent to assess in dollars these average differences.

On May 23, 1866, Secretary of the Navy Gideon Wells, by SECNAV General Order 75, issued the first general authorization for quarters allowance for a military service. This order established a quarters allowance in an amount equal to one third of their pay for Naval officers who were not provided with quarters on shore stations.[2] A significant change in this order was the fact that the quarters allowance was now based on an officer's pay, not on the cost of housing at this duty station. Further,

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[1] U. S., War Department, Revised Regulations for the Army of the U. S. 1861 (Philadelphia: Childs, 1862), p. 161.

[2] U. S., Department of Defense, Appendix to the Report of the Advisory Panel on Military Family Housing Policies and Practices, November 15, 1961, p. E-4.

this order included housing and fuel allowances together and did not provide additional allowances for officers stationed in the North to cover winter heating expenses.

Army officers, by the Act of June 18, 1878, were allowed commutation at a rate not exceeding $10 per room per month, with the amount specified for the General at $125 per month and the Lieutenant General at $70 per month. The number of rooms allowed each grade was not established by law but rather set by Army Regulations.[1]

It was not until 1899 that both Army and Navy officers were placed under the same pay system by 30 Statute 1007. This statute provided equal officer grades the same pay and allowances except for forage. Additionally, the statute following the precedence established in Army Regulations provided commutation for heat and light at varying rates, dependent on the number of rooms occupied, the season of the year, and the zone where stationed.[2]

The Act of March 2, 1907, 34 Statute 1168-1169, incorporated into law the number of rooms allowed each officer when quarters were commuted. Earlier, the Act of 1878 gave statutory authorization for commutation of quarters but left to the Army the authority to set how many rooms would be authorized each officer grade.[3] For those readers interested in the provisions of this Act, Appendix A shows the number of rooms authorized each officer grade.

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[1] Ibid. [2] Ibid. [3] Ibid.

By the Act of March 4, 1915, enlisted men were authorized commutation of quarters at $15 per month, and commutation of heat and light at varying rates as for officers.[1]

Prior to 1918 the tenor of regulations regarding the government's responsibility in regard to quarters for dependents was as characterized in the following order:

> The hire or rent of rooms as quarters for the families of officers is clearly illegal and cannot be authorized.[2]

World War I necessitated the separation of many families as dependents could not follow their military sponsors to the battlefields in France. Recognizing the inadequacy of the regulations in being to deal with this new problem, the government, by legislation passed on April 16, 1918, accepted the responsibility of providing quarters for dependents of commissioned officers.

> In accordance with this law, an officer who maintained a home for a wife, child or dependent parent was furnished for such dependents the number of rooms provided by the Act of 1907, or if government quarters were not available, the commissioned officer was paid commutation of quarters. . . . This authorization was without regard to personal quarters furnished him elsewhere--inside or outside the United States.[3]

In 1922 the system of commutation for quarters, heat, and light for the commissioned officer and his dependents was repealed and a rental

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[1] Ibid., p. E-5.

[2] U. S., War Department, Army General Order 77 of 1878.

[3] Appendix to the Report of the Advisory Panel, op. cit., p. E-4.

allowance substituted. This rental allowance, which went into effect July 1, 1922, was a very significant change. Foremost in importance was the fact that the allowance would be reset annually on the basis of current cost of rentals as determined by a Bureau of Labor survey.

> That each commissioned officer on the active list or on active duty below the grade of Brigadier General or its equivalent, in any of the services mentioned in the title of this Act if public quarters are not available, shall be entitled at all times in addition to his pay, to a money allowance for rental of quarters, the amounts of such allowance to be determined by the rate for one room fixed by the President for each fiscal year in accordance with a certificate furnished by the Secretary of Labor showing the comparative costs of rents in the United States for the preceding calendar year as compared with the calendar year 1922. Such rate for one room is hereby fixed at $20 per month for the fiscal year 1923, and this rate shall be the maximum and shall be used by the President as the standard in fixing the same or lower rates for subsequent years.[1]

Thie Act also made a distinction between officers with dependents and those without dependents. Those without dependents were allowed fewer rooms and were not allowed allowances when assigned to field duty. Further, enlisted men were covered similarly to officers with the exception that the number of rooms was not applicable and their total rental allowance was $22.50 per month with a 1922 base. Their rental allowance was tied together with their subsistence allowance; the maximum for both was set at $4.00 per day. Accordingly, it was possible to raise their rental allowance as long as the maximum was not exceeded.

---

[1] U.S., Statutes at Large, XLII, Part 1, 628, Sec. 6.

Theoretically, the Pay Act of 1922 would keep allowances pegged to the economy. However, realistically this did not come to pass. The economy of the United States skyrocketed during the 1920's and with the allowance ceiling set at $20 per room with 1922 as its base, the allowances could not follow as rentals soared upwards. In 1932, rental allowances in accordance with the provisions of the generally applicable economy legislation were reduced below the maximum for the first time since 1922.[1] Faced with a rental allowance of $13 per month per room commencing July 1, 1935, the services made strong overtures to Congress to go off the sliding rental allowances established in 1922.[2]

General Douglas MacArthur, then Chief of the Army, testified before the Senate Subcommittee of the Committee on Appropriations:

> To begin with, I do not think there is any greater liar in the world than figures. You can make them produce almost any result; and I do not think, with the maximum of efficiency in any group, they could so accurately canvass such a subject as to produce a figure which would really be mathematically accurate and correct.[3]

Commenting on why allowances should be fixed and not be allowed to slide downward as allowed by the Pay Act of 1922, he said:

> I think that they should be maintained at a fixed figure, that they should be determined and non-varying, because, whatever the academic theory is of the fluctuation in prices, those who rent apartments and those who buy food /this was also put on a sliding scale with 1922 as a base year for the maximum allowance/ know

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[1] U. S., Congress, Senate Subcommittee of the Committee on Appropriations, Hearings, War Department Appropriation Bill for 1936, 74th Cong., on H. P. 5913, 1935, p. 64.

[2] Ibid., p. 62.

[3] Ibid., p. 60.

that the lag in those things is so great that it never catches up with actual conditions. That is, if you rent an apartment this year, you will probably pay at least as much or more for it during the entire four years of your service as you do originally, independently of the reports from the Department of Labor or any other department.[1]

Excerpts from the testimony of Major General F. W. Coleman, USA, provide further insight into the military services' misgivings about the adequacy of the Bureau of Labor survey as a basis for establishing allowances:

> . . . You will see at once from what I have already said that the all-important element in this whole problem is the yardstick which the Labor Department is able to apply to reach a proper proportion between the costs of food stuffs and rentals in 1922 and 1934 . . .
>
> Now, as a result of recent conferences with the Labor Department, it has been developed that it has no set of index numbers which would accurately reflect the changes in the cost of food and rents of the officers of the Military Services between the fiscal years 1922 and 1934. The yardstick they are using is one prepared in 1918-19 for wage earners and low-salaried workers. Also, the conditions of living of the salaried professional man are different from those of the wage earner and low-salaried worker; and the survey on the cost of living now being undertaken by the Labor Department includes only wage earners and low-salaried workers, and no survey is contemplated which will produce an accurate index for the military services. Therefore, there is not and never has been a yardstick which will allow the Labor Department to issue an accurate certificate on costs of foods and rental for officers of the military services.
>
> . . . The downward sliding scale of allowances for military officers has in practice proved a failure and unjust to the personnel affected. In my opinion it should be eliminated and legislation enacted fixing the subsistence allowance at 60 cents and the rental allowance at $20 per room.
>
> If and when conditions arise which make it appear desirable to either raise or lower this rate, new legislation can be enacted with that end in view.[2]

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[1] Ibid.

[2] Ibid., p. 65.

An overwhelming majority of the testimony heard by the Senate Subcommittee on the pay and allowance section of the War Department Appropriation Bill for Fiscal Year 1936 favored abandonment of the cost-of-living concept as written in the 1922 Pay Act for a fixed allowance concept. A fixed allowance of $20 per room was established by law in 1935.[1]

The hearings of 1935 extensively investigated the problems of a varying quarters allowance. Chapter V recommends a method for paying a cost-of-housing allowance within the continental limits of the United States. This proposed method recognizes and satisfies the objections raised in 1935.

Just as World War I brought sweeping changes in the allowances afforded military personnel, World War II also brought about major modifications. Dependents of enlisted personnel of the first three pay grades were first given entitlement to public quarters or a money allowance in lieu thereof by the Act of October 17, 1940. As the draft gained momentum and the United States organized for total mobilization, Congress further liberalized the enlisted quarters allowances by the Serviceman's Dependents Allowance Act of 1942. This Act recognized that previous pay scales were inadequate for many of the family men being called into service. Family allowances were geared to the number of dependents and paid directly to the dependents. The law provided different amounts for Class A dependents

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[1] Appendix to the Report of the Advisory Panel, op. cit., p. E-5.

(wife, child, divorced wife) and Class B dependents (parent, grandparent, brother and sister). This allowance was composed of the government's contribution and a portion of the man's pay. By the Pay Readjustment Act of June 16, 1942, the officers' rental allowance (number of rooms authorized times the rate per room) was changed to a fixed monthly sum. Appendix B is a compilation of the allowances provided for in this Act.[1]

In 1949 the Career Compensation Act generally followed the existing law on allowances for quarters. One notable exception was the extension of the coverage to include more dependents of enlisted personnel.[2] Appendix C provides a breakdown of all allowances for both officer and enlisted personnel. As in the past, dependents received favorable Congressional action during the Korean War. The Dependents Assistance Act of September 8, 1950, authorized a dependent allowance for all enlisted personnel with dependents regardless of pay grade. This Act was made effective for the duration of the Universal Military Training and Service Act. The quarters allowances established in 1949 were increased 14 per cent in 1952 to cover the increase in cost of living that had taken place.

The latest legislation concerned with allowances for quarters became effective on January 1, 1963. This law not only significantly increased most individual monetary allowances for quarters, but contained three other important items:

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[1] Ibid., p. E-10.

[2] Ibid., p. E-6.

1. NCO's quarters allowance is now based on pay grade and on whether they have dependents or do not have dependents. E-4's with less than four years' service and E-3's and below retained the old system of quarters, with the allowance being based on the number of dependents up to three.

2. It eliminates requirement that an NCO must allot a portion of his pay in order to qualify for the quarters allowance authorized in his pay grade.

3. The Dependents Assistance Act was continued and its termination date remains tied to the Universal Military Training and Service Act.

## Summary

Basic Allowance for Quarters may be a relatively new name for an old idea. For since 1782 regulations providing housing for some military personnel have been in existence. Since that early date the intent of regulations and laws in regard to providing housing to military personnel, and later their dependents, was that the government would either provide public quarters or sufficient allowance when public quarters were not available, to provide an officer (later extended to cover all military personnel) with adequate housing commensurate with his position. By 1812 regulations and laws were such that adequate housing was provided all officers, be the quarters public or private. In the case of private quarters, the government

paid all reasonable heating costs in addition to the rental cost.

Beginning in 1861, regulations began changing from a form that provided quarters in kind, or a reimbursement for expenses incurred by renting private quarters, to a commutation of a monetary allowance when public quarters were not provided. At first this commutation was based solely on geographical location of the officer's duty station.

In 1866 regulations provided Navy officers a commutation of money in lieu of public quarters based only on the officers' base pay. Legislation in 1899 placed Army and Navy officers under the same laws. The law took the form of that used by the Army and separated housing allowances completely from an officer's base pay as previously provided by Navy regulation.

From 1922 until 1935 the rental allowance paid to military personnel was reviewed annually and pegged by law to the current cost of rentals as determined by a Bureau of Labor survey. A weakness of the 1922 law was that a ceiling was established on the basis of prices effective in 1922. This ceiling made the law unresponsive to raises in housing costs as prices spiraled up during the late 1920's. The law was changed in 1935, after ranking military officials testified on the inadequacy of the Bureau of Labor Statistics yardstick for measuring rental costs and on how the law, with its ceiling, had failed to keep housing costs and allowances together.

Legislation passed during World Wars I and II and the Korean War eventually extended the government's responsibility in regard to providing quarters or a housing allowance to include all military personnel and their dependents.

# CHAPTER III

## HOUSING COSTS OF MILITARY PERSONS IN THE UNITED STATES

I cannot tell how the truth may be;
I say the tale as 'twas said to me.

--Sir Walter Scott

In the introduction it was stated that this study accepts the hypothesis that all military personnel housing costs vary widely throughout the United States. This chapter discusses two surveys of military persons that support this point; one was conducted in March, 1962, at the Command and Staff College, Maxwell Air Force Base, Alabama, and the other in January, 1966, among members of the Navy Graduate Financial Management Program, The George Washington University, Washington, D. C. Time and cost considerations necessitated that both surveys be limited but the results are believed to be representative. While different questionnaires and comparisons were used in the two surveys, the results are supportive, especially on the point of varying housing costs for military personnel in CONUS.

### Survey Made at CSC, Maxwell Air Force Base, March, 1962

The detailed results of the survey of students at the Air University are in an unpublished thesis by Major Lloyd G. Miller, USAF. This

survey, which included only Captains (0-3) and Majors (0-4), probed the philosophy of "why buy/rent" as well as the costs of housing and the commuting distance from home to work, both in CONUS and overseas. Here the discussion on housing will be limited to the distance from work and costs in CONUS. Out of 466 completed questionnaires, 351 officers reported on stateside housing at their last duty station. Apparently the remaining 115 had been assigned overseas just prior to coming to the school.[1]

Officers living in government quarters reported that their average distance to work was 1.9 miles; renters, 7.9 miles; and home owners, 7.8 miles.[2] This example refers to comparison of driving-to-work distances for government quarters versus private housing. The second survey did not make this same comparison. It did, however, compare driving distances for military persons in Washington, D.C., with driving distances at their prior duty station. Therefore, the following paraphrased statement from Miller's study is relevant to both surveys:

> In calculating housing costs one must certainly take into account the extra transportation costs involved, to say nothing of the inconvenience and frustration brought about by the greater driving distances and their accompanying traffic difficulties.[3]

Major Miller, in tabulating housing costs, established the costs for renters only. For those who purchased homes or who lived in government

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[1] Lloyd G. Miller, "A More Equitable System of Quarters Allowances." (Unpublished Master's thesis, CGS, The George Washington University, 1964), p. 43.

[2] Ibid., p. 40.

[3] Ibid.

quarters he included them only in the portion of the study showing type of quarters lived in at last duty station. The following table summarizes the information obtained on these points by areas.

TABLE 1

TYPE OF QUARTERS OCCUPIED AT LAST STATION, BY SELECTED AREA. REPORTS BY CSC STUDENTS, MARCH, 1962

| Area | Government Quarters | Purchased | Rented | Average Rent | Average Utilities | Total Average Rent and Utilities |
|---|---|---|---|---|---|---|
| Washington, D. C. | 0 | 12 | 2 | $175.00 | $35.00 | $210.00 |
| San Antonio, Texas | 3 | 9 | 4 | 129.25 | 26.25 | 155.50 |
| March AFB, California | 2 | 5 | 2 | 115.50 | 30.00 | 145.00 |
| Turner AFB, Georgia | 0 | 0 | 3 | 90.00 | 36.67 | 126.67 |
| Los Angeles, California | 0 | 5 | 4 | 133.75 | 41.25 | 175.00 |
| Ft. Worth-Dallas, Tex. | 0 | 4 | 4 | 127.50 | 36.25 | 163.75 |
| Wright-Patt. AFB, Ohio | 2 | 10 | 1 | 135.00 | 30.00 | 165.00 |
| Maxwell AFB, Alabama | 2 | 4 | 2 | 115.00 | 33.00 | 148.00 |
| Langley AFB, Virginia | 2 | 4 | 2 | 105.00 | 42.50 | 147.50 |

Source: Lloyd G. Miller, "A More Equitable System of Quarters Allowances," op. cit., Table 17, p. 46.

It is readily apparent from this table that for this homogenous group of officers CONUS housing rental costs did vary widely. All statistics listed in the table are supported by a narrative in the original study. For this paper only the narratives for the highest cost area--Washington, D. C. -- and the lowest reported cost area--Turner AFB, Georgia--are included.

> The Washington, D. C., area probably represents one extreme. Of 14 officers reporting, 12 had purchased homes and 2 had rented. All 12 purchasers had indicated "high rents in area" as their reason for buying. The two renters each reported paying $175.00 per month rent; one reported utilities of $30, the other, $40. Thus, the total average rent plus utilities amounted to $210.00 per month. Also of significance is the average distance to work. Average for the 14 officers was 9.9 miles.
>
> The 3 replies from officers last stationed at Turner AFB, Georgia, indicate that area to be at the other extreme--i. e., a lower cost area. All 3 officers (flying captains) reported that they had rented. The rents reported were $95, $100, and $75 monthly; the average utilities reported were $30, $40, and $40, respectively. Thus, the total average rent plus utilities amounted to $126.67. Although this figure represents an expenditure of approximately $24 more than the BAQ received, it is still much less than the average reported through the CONUS.[1]

The author concludes that his sample, though small, is yet nevertheless sufficient to conclude that the cost of renting does vary as one goes from area to area.[2]

## Survey of Navy Graduate Financial Management Students at The George Washington University, January, 1966

In January, 1966, all 24 married military members of the Navy Graduate Financial Management Program at The George Washington

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[1] Ibid., p. 43.

[2] Ibid., p. 46.

University participated in a housing costs survey. The purpose of the survey was to quantify 1966 housing costs for military persons in the Washington, D. C., area as well as to collect data on the housing costs of these same persons at their last duty station prior to coming to Washington. No effort was made to establish costs of housing at the prior duty stations by areas because of the very limited sample from each area. However, an average housing cost of all prior duty stations was determined to provide a base with which to compare Washington, D. C., housing costs. As some officers' BAQ changed since reporting to Washington, an average BAQ was computed for Washington and prior duty stations. This facilitated a comparison of the group's average housing costs with the group's average BAQ for both periods surveyed.

For this study, housing costs were considered to be the cost of shelter (rent or monthly payments and repair costs) plus those utilities normally provided to personnel occupying government quarters. These utilities include water, sewerage, electricity, and heat. In addition, trash and garbage removal costs are included when they are charged for separately. Recognition of the problem of deciding how much of a homeowner's monthly payment should be called a shelter cost is acknowledged. In this study the entire amount has been considered a shelter cost but no costs have been assigned to cover such items as down payment costs,[1] possible

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[1] Opportunity costs, or loss of earnings while money is tied up on the house.

loss from sale of property (it is recognized that many make a profit), closing costs, and brokerage fees. Table 2 shows the foregoing to be sound and reasonable as total housing costs for Washington, D. C., owners and renters differed by less than 1 per cent. When excess commuting costs were included, the difference was about 2 per cent. Excess costs for commuting distances greater than ten miles have been added to housing costs at the rate of 10 cents for each round trip mile over 20 miles. Commuting costs have been figured on a 20-day-per-month basis.[1] Generally, housing costs and commuting costs are found to have an inverse relationship--that is, premium rents are paid for houses close to work. Adding an excess commuting cost to housing costs makes the figures more comparable in an economic sense as it is clear that transportation costs can substitute for housing costs.

Table 2 was compiled from data obtained by a questionnaire survey of the Navy Financial Management Class. See Appendix D for a sample of the questionnaire. Group A are members of the class who own their quarters and Group B are those living in rented quarters. As mentioned earlier, the results were so similar, the differences were insignificant.[2]

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[1] An example of the foregoing is that a person driving twelve miles to work would have $8.00 monthly added on to his housing costs.

[2] In establishing housing costs throughout the United States, this could be of significant help. Prior to accepting this finding it should be evaluated by statistically accepted surveys.

TABLE 2

HOUSING COSTS[a] AND COMMUTING DISTANCES REPORTED BY NAVY GRADUATE FINANCIAL MANAGEMENT STUDENTS, THE GEORGE WASHINGTON UNIVERSITY, JANUARY, 1966

| | Washington, D. C. | | | Prior Duty Station | | | |
|---|---|---|---|---|---|---|---|
| | Group A[c] | Group B[d] | Class Average | Group A[c] | Group B[d] | Class Average | Average Diff.[b] |
| Number in Sample | 12 | 12 | 24 | 12 | 12 | 24 | --- |
| Average Housing Costs[a] | $222 | $220 | $221 | $158 | $172 | $165 | +$56 |
| Average Excess Commuting Costs[a] | $ 15 | $ 12 | $ 13.5 | $ 1 | $ 6 | $ 3.5 | +$10 |
| Total Housing and Excess Commuting Costs[a] | $237 | $232 | $234.5 | $159 | $178 | $168.5 | +$66 |
| Average BAQ | $142 | $140 | $141 | $134 | $136 | $135 | +$ 6 |
| Average Difference between BAQ and Housing Costs[a] plus Excess Commuting Costs[a] | $ 95 | $ 92 | $93.5 | $ 25 | $ 42 | $ 33.5 | +$60 |
| Average Miles to Work | 13.1 | 12.6 | 12.85 | 5.4 | 9.8 | 7.6 | +5.25 mi. |

[a]All costs are monthly.

[b]Washington, D. C., compared to prior duty station.

[c]Own the quarters they are living in, in Washington, D. C.

[d]Rent the quarters they are living in, in Washington, D. C.

Thus, the comparisons reported here are for the total sample, irrespective of what type of housing is being utilized. The most significant result was that, on the average, housing costs for the Washington, D. C., area are $56 more than for these same officers at their last duty station prior to coming to Washington. This average difference increases to $66 per officer per month when an allowance is made for excessive commuting distances. When provision for change in BAQ is made, the average difference is reduced $6 to $60 per officer per month.

Another important point is that the average driving distance to work increased 5.25 miles--from 7.6 miles to 12.85 miles--after the officer moved to Washington, D. C. The significance of greater driving distances is well covered in the commentary of the previous study.

## How To Determine Housing Costs by Area for Military Personnel

Basic to the implementation of a variable BAQ is the development of an index that would reflect the housing costs for military personnel by area. Table 3 reproduces Question 4 of the questionnaire with the results obtained.

A majority recommended using a survey of military personnel but often qualified their choice by selecting either the Regional Federal Housing Administration Statistics or the Regional Consumer Price Index to be used as well. The following comments are typical:

TABLE 3

HOW TO DETERMINE HOUSING COSTS BY AREA FOR MILITARY PERSONNEL

The last adjustment in our BAQ was voted by Congress in 1962. During the hearings on this bill Charles P. Runge, Assistant Secretary of Defense for Manpower, testified, "We recognize the desirability of an allowance structure which could differentiate between high-cost and low-cost areas and have been studying the possibility of developing local or regional rates, thus far without much success."

How would you determine the housing costs by area for military personnel? Please check at least one--more than one if appropriate.

| | |
|---|---|
| 15 | a. Survey of military personnel to obtain present actual housing costs by area. |
| 5 | b. Use regional index based on Consumer Price Index. |
| 12 | c. Use regional index based on FHA statistics |
| 4 | d. Other. Explain. |
| 2 | e. There is no adequate method of determining regional housing costs |

a. by itself would be suspected by nonmilitary.

To avoid drowning in the sea of financial bankruptcy we (military personnel) frequently subordinate proper housing standards for "housing that can be afforded." This fact is lost if only money paid out is considered.

The reason I picked a. was that the best figure of costs can only be derived by taking a survey of the people who are incurring the costs.

Recommend survey of "cost of house" in lieu of monthly outlay. This better reflects costs independent of mortgage types, etc. Rents would be determined by using a "rule of thumb" method, with "cost of house" as the base.

## General Comments

Nearly 50 per cent of the completed questionnaires contained general comments. Typical replies were:

> Servicemen, in an attempt to escape the financial strain of motel living, are apt to jump into a rental contract, taking the first thing available, in spite of the fact that it may be overpriced!
>
> Additional cost of living allowance is paid for the Hawaii area although rental prices are not exceptionally higher than in many other areas. This allowance, in Hawaii, is actually large enough to put people living in-and-out of government quarters on an even financial basis. In every other place I have been stationed, people living in quarters have been financially ahead of those "on the economy."

## Summary

Both studies discussed in this chapter support the statement that military persons pay widely varying amounts for their housing as they move from area to area. This study has comparatively highlighted Washington, D. C., as one of the high-cost areas. Further, the 1962 survey quantified housing costs for eight other areas. Additionally, it has shown that the commuting distance to work is important in a cost-of-housing study.

## CHAPTER IV

## STATUS AND THINKING ON A VARIABLE BAQ TODAY

Coming events cast their shadows before.

-- Campbell

No action takes place in a vacuum, especially any action that would affect over two million people in military service directly and millions of others indirectly. Therefore, this chapter will examine recent studies and Congressional action on the problem of the variable BAQ to show what moves have been made and in which direction future action should go. Discussion in this chapter is limited to one of the most common reasons given for opposing a variable BAQ--that there is no practical way to establish a system of variable housing allowances based on regional or local indices.[1]

When Robert S. McNamara became Secretary of Defense in 1961, he directed that studies be conducted of the pressing problems confronting the Department. One of the problem areas selected for study was military compensation, a portion of which included military family housing and BAQ. The resulting report, dated November 15, 1961, contained numerous recommendations, many of which became law with the enactment of legislation increasing BAQ for the uniform services in 1962. This thesis is

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[1] U. S., Department of Defense, Memorandum from the Office of General Counsel, October 13, 1965.

concerned with a portion of the study that did not become law--a cost-of-housing allowance for the Continental United States. The findings and recommendations of the Family Housing Panel on this point became the basis for the decision of the Department of Defense not to include a CONUS cost-of-housing allowance in the proposed 1962 BAQ legislation.

## Recommendations of Advisory Panel on Military Family Housing Policies and Practices

The family housing study group set up by the Department of Defense in 1961 reported that its work included an examination of cost-of-living developments since 1949 to see if it was practical, "despite historical experience to the contrary," to calculate regional differentials at the present time.

Their findings included the following points:

> Available regional studies are confined to major cities within certain ranges of populations and are not pertinent or significant with respect to military population.
>
> Local area studies as available are not applicable regionally.
>
> High costs of living are evident in such cities as Chicago and Washington, D. C.; but the problem is just as acute or worse in such "military impacted" local areas as Fayetteville, North Carolina, and Lake Meade, Nevada.
>
> While it is obvious that the colder regions of the nation involve higher heat bills than the average, the fact that air conditioning has become accepted as a virtual necessity in most "deep South" areas has increased housing expenses in the southern areas. Also, there are such problems as the abnormally high cost of water or utilities in scattered areas.
>
> In view of the above, extremely detailed analysis would have to be made from scratch in order to determine appropriate cost-of-living differentials. It is believed that studies of this type for

military application are possible; however, several years would be required to develop adequate information.[1]

Because the study panel felt the urgency of getting an immediate BAQ raise precluded taking the time required to develop a variable BAQ for the 1962 legislative proposal, they recommended temporarily shelving the variable BAQ concept. Their report included the following observations on variable BAQ:

1. An entirely new body of data is required to establish regional housing costs.

2. There is every indication that the required data for establishing geographical differentials can be gathered successfully. The Bureau of the Census survey techniques were recommended as a guide.

3. The establishment of geographical differentials would create administrative problems but is not impossible.[2]

## Report of 1962 Congressional Hearings on Proposed BAQ Legislation

On April 9, 1962, the House of Representatives Subcommittee on Armed Services commenced hearings on a proposal to increase the BAQ of the uniformed services, based on a study by the Advisory Panel on Military Family Housing Policies and Practices of the Department of Defense. This

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[1] Appendix to the Report of the Advisory Panel, op. cit., p. E-30.

[2] Ibid., p. E-31.

panel consisted of civilian experts on all phases of housing, appointed by the Secretary of Defense to study the overall problem of military family housing. In calling the first witness from DOD, Chairman L. Mendel Rivers stressed that the proposed BAQ rates being considered at the hearings were based on the housing expenses of civilians at comparable income levels, and that he expected the Department of Defense witnesses to present information supporting their logic and points.[1]

Carlisle P. Runge, then Assistant Secretary of Defense for Manpower, represented the Defense Department at this hearing. His testimony emphasized that data from numerous government agencies had been used in arriving at the proposed rates, including the Bureau of the Census, the Federal Housing Administration, and the Bureau of Labor Statistics. Of all the information available, the FHA experience was judged the best and was used as a starting base. Specifically for the proposal being discussed, the 1961 FHA analysis was used. Using this statistical analysis of 276,000 civilian cases showing the relationship of housing expenses to income as a base, Mr. Runge contended that the proposed quarters allowance increases were modest and justified if they were to equal what civilians of comparable incomes were spending for their housing expenses. In recognition of the fact that there was unfinished work in the field of housing allowances, Mr. Runge made the following comment:

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[1] U. S., Congress, House Subcommittee of the Committee on Armed Services, Hearings, Proposed Amendments to the Career Compensation Act of 1949, Report No. 46, 87th Cong., 2d Sess., 1962, p. 4815.

> We must acknowledge a fact pointed out by the Housing Panel in its report, namely, that a certain unknown percentage of our service families can obtain housing at a price within or reasonably close to their housing allowances. At the same time, even the recommended rates are obviously inadequate for high-cost metropolitan areas and military impacted areas. We recognize the desirability of an allowance structure which could differentiate between high-cost and low-cost areas, and have been studying the possibility of developing local or regional rates, thus far without success.[1]

During the second day of the hearing, Representative Porter Hardy chastised Mr. Runge for incomplete, conflicting testimony regarding data on military family housing. Mr. Runge claimed that the Defense Department did not have adequate figures on the cost of renting houses by area. Representative Hardy replied that if DOD did not have this type of information available, the DOD had given the Armed Services Subcommittee false and misleading testimony over the years when requesting family housing. Midway through this part of the testimony, Mr. John J. Reed, from DOD, was summoned to testify on this point. His testimony confirmed that every installation in CONUS surveys its men annually to ascertain what they pay for rent in the civilian community, and corroborated Representative Hardy's earlier statements that this information was used to justify DOD's family housing requests.

The portion of the hearing most appropriate to the subject of this paper is included as Appendix E.[2] Selected statements from this portion of the hearings follow:

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[1] Ibid., p. 4823.

[2] Ibid., pp. 4837-4839.

Mr. Hardy. One other question that I have to get my thinking straight on and I haven't got it very straight. We talked about, somewhere in your statement, and I can't seem to put my finger on it now, you made reference to problems which would be involved in trying to differentiate between the cost of rentals in different areas.

Now that shouldn't present any insurmountable problem. Maybe it does get into a lot of detail . . .

Sec. Runge. Mr. Hardy, I know of your concern on this particular problem. The fact of the matter is that we do not have a statistical base on which to do this. As I indicated, we have national figures and we have regional and area figures.

We do not have local figures which would relate to a specific base. You could have this situation: Say, the Southwest region, or the State of Texas, that you may have an average cost across the board for the State of Texas, but it will not relate to the situation at Fort Hood. So that to do this, Mr. Hardy, in terms of what you are suggesting, it would mean very precise surveying in all of the areas in which we have major bases.

Mr. Hardy. If you don't have surveys, Mr. Secretary, in those areas now, then I certainly have been misguided. In the first place you have got to make surveys of the available housing and of their rental rate in order to be able to come in here and ask for authority to build any appropriated fund housing or to get Capeharts or what have you. You have had to do that over the years.

So you must have, unless you have been fooling this committee, unless the Department has been fooling this committee over the years, you must have this data in every area adjacent to one of these military installations.

. . . . . .

Mr. Hardy. Every time that the military have come in here . . . and asked for authority to build appropriated fund housing or Capehart housing or Wherry housing, they have come in here with a tabulation of inadequate quarters, and what is the basis for inadequate quarters?

The major basis for the ones that are rented are the excessive rents that are charged. And if you don't have your data on it, then this committee has been given false testimony and misleading testimony over the years, and I don't appreciate that kind of information coming here now.

. . . . . .

Mr. Hardy. I don't know how far you ought to pursue it, Mr. Secretary, but I tell you this: It is very confusing and disconcerting to me for you to come in here and say that you do not have it, and Mr. Reed has just been in here with the individual station requests and telling us that they did have it.

Now if he can use it to support his position, then you ought not to be able to throw it out, and say you haven't got it. That is the whole story.

The foregoing statements show that Representative Hardy firmly believed that it would be possible to differentiate between the costs of rentals in different areas, and that he realized insufficient work had been done to propose legislation providing for a variable BAQ in 1962. One explanation for Representative Hardy's persistent attack on the DOD proposal may be found in Aaron Wildavsky's book, The Politics of the Budgetary Process. In discussing the why's and wherefore's of Congressional hearings, Mr. Wildavsky says:

> Since there is much continuity of personnel in agencies and their committees and staffs in Congress . . . the likes and dislikes of influential Congressmen are well charted. Hearings on the preceding year's budget are carefully perused for indications of attitudes on specific programs and particularly on items that may get the agency into trouble. The degree to which a Congressman goes into detail on an item and his expression at hearings provide clues about the intensity of his feelings.[1]

Clearly, Representative Hardy expects DOD's next proposal for legislation on BAQ to be based on the principle of a variable BAQ for CONUS.

## Results of 1962 Department of Defense Variable Quarters Allowance Study

After this hearing was completed, a DOD study was conducted of variable BAQ. This study effectively began where the Panel on Military

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[1] Aaron Wildavsky, The Politics of the Budgetary Process (Boston: Little, Brown and Company, 1964), p. 26.

Family Housing ended. The objectives were narrowed down and the goal positively oriented in the direction of establishing a variable BAQ for CONUS. The conclusions of the committee were:

1. It seems desirable to have a quarters allowance adequate to cover the average cost of housing for military personnel wherever they are stationed.

2. Overseas there is a cost-of-housing allowance; it is inconsistent not to have one in CONUS as well.

3. The involuntary nature of personnel assignments argues for a system that would equalize cost differentials.

4. Civilians are compensated for living in high-cost areas.

The study supported this conclusion with the following:

> Also, within the civilian economy there is a tendency for earnings to be higher in those areas where living costs are above average and vice versa. A rank correlation of living costs in 1959 in the 20 major cities included in the BLS index with a ranking of a BLS wage index for these same cities in 1961 shows a coefficient of correlation of 0.639, which indicates the presence of significant agreement between wages and living costs. Thus it is true that civilians are compensated for living in high cost areas while military personnel earn equal wages wherever they live. A variable quarters allowance would help to correct this inequality.[1]

The recommendations of the special DOD study committee were:

1. That a variable quarters allowance be approved in principle, such a system being designed to compensate military personnel at bases where rental rates, on the average, exceed the service member's BAQ.

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[1] O'Brien, op. cit., p. 12.

2. That the reliability of obtaining rental cost information by direct survey of military personnel (as is now being done overseas) be carefully investigated. This approach might prove to be an acceptable basis for setting variable quarters allowance rates.

3. That a study be conducted in connection with the forthcoming increase in BAQ rates to investigate the magnitude of the military impacted area problem, as outlined above.[1]

## A Major Obstacle to a Variable BAQ

The establishment of an acceptable basis or index of area rental costs has become the subject of a controversy within DOD. The DOD backs and accepts the theory of establishing wage rates based on locality surveys of wage rates paid by industry in a particular area but at the same time does not believe there is a practical way to establish a suitable index on which to base a cost-of-housing allowance. If the logic for one is correct, and it appears to be, there seems no reason not to use "market figures" to establish military housing costs.[2]

For four areas where there are large military installations the schedule of wages effective on December 1, 1965, are included as Appendix F. These schedules show the detailed breakdown between localities to a few pennies, as well as large differentials. If survey methods are suitable for fixing government wages, why can they not be used for establishing local military housing costs?

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[1] Ibid., p. 13

[2] U. S., Department of the Navy, Policies and Procedures for Wage Fixing, NAVEXOS P-1417, June 1955.

Business and labor have accepted surveys and the indices produced from these surveys as a basis for their escalator clauses as well as their basic contracts. In May, 1964, 2.5 million workers were covered by escalator clauses.[1] Normally the clauses are based on the national Consumer Price Index (CPI) but, when available, specific city indices are most often used. Adjustments usually are made quarterly or semi-annually as provided for in the contract. Aircraft agreements, for example, generally call for a one-cent adjustment for each 0.4 point index change; for the auto industry, 0.5 was set for the 1961 agreement. The importance of the indices has recently been quantified for one group of workers. In 1948, the United Auto Workers (UAW) and General Motors adopted a new form of "escalator" contract. According to the UAW, a worker fully employed for the ensuing 17 years has had $13,711 in higher pay through cost-of-living raises because his wage was based on the CPI.[2]

The foregoing shows that there is a high acceptance of surveys and the willingness to use the results in computing the remuneration to be paid to employees. Should the DOD not accept the fact that today's statistical methods are worthy of use in establishing a variable BAQ?

The DOD on the one hand professes inability to set up indices, but on the other hand is capable of elaborate systems, such as the new planning,

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[1] Collective Bargaining Report prepared by the AFL-CIO Research Department, "The New Consumer Price Index," May, 1964, p. 4.

[2] "Labor Briefs," Business Week, December 15, 1965, p. 67.

programming, and budgeting system. Basic to the success of such a system is the ability to assign relative multiple values to alternatives, depending on when, how, and what action is taken.[1]

This programming system was introduced into government by the Defense Department. Certainly the designing of a method for implementing and administering a variable BAQ for CONUS would be a small task compared with the problems that DOD has and is resolving. Illustrations of the complex problems solved are mentioned often in the book, The Economics of Defense in the Nuclear Age.[2] Granted that the ultimate worth of the projects are vastly different, this may be why up to now the required resources have not been allotted to develop a variable BAQ system for CONUS.

## Present Actions in Support of a Variable BAQ

Since the 1962 hearings, the Defense Department has not requested any change in BAQ. The cost of housing has risen significantly and it appears prudent for DOD to start preparing a recommendation for an increase in BAQ. Interviews with officers concerned[3] and recent news articles[4]

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[1] David Novick (ed.), Program Budgeting (Washington: Government Printing Office, 1965), p. iii.

[2] Charles J. Hitch and Roland N. McKean, The Economics of Defense in the Nuclear Age (New York: Atheneum, 1965), p. 133.

[3] Interview with Major C. W. Effinger, USAF, January 7, 1966; and with LCDR. E. C. Woodburn, USN, February 10, 1966.

[4] Air Force Times, December 22, 1965, p. 1; and Navy Times, February 9, 1966, p. 5.

indicate attempts are being made to have the next BAQ authorization include a provision for a supplemental cost-of-housing allowance for areas where the present BAQ is insufficient.

## Summary

Congress has shown an interest in the problem of a variable BAQ; the Defense Department agrees with the principle; political academicians have written about the importance of basing future actions on comments aired by Congressmen at previous hearings; and a special study committee has endorsed an implementation plan. The framework of the Defense Department's next quarters allowance proposal appears clear: It should be based on a variable BAQ that recognizes the widely differing cost of housing for military personnel in CONUS.

# CHAPTER V

## IMPLEMENTATION AND ADMINISTRATION OF A VARIABLE BAQ

> Every man has a right to utter what he thinks truth,
> and every other man has a right to knock him down for it.
>
> -- Samuel Johnson

This chapter proposes a workable program for developing an index of military personnel housing costs and administering a variable BAQ program. Included in the program are ideas which have been recommended by others, but thus far their principles have never been tested to see if they would be satisfactory. As some of the recommendations have been made by competent individuals and committees, such as the 1962 DOD study committee on Variable Quarters Allowance, it can be assumed that they were not previously accepted because a higher priority was placed on other projects. More recently the issuing of recommendations by two respected and influential committees indicates a renewed interest in this problem and gives reasonable assurance that any reasonable programs will receive high-level attention.

The first is the finding of the Alford Board,[1] which recommended that prompt action be initiated to convene an OSD services study to resolve

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[1] Alford Board, also called the Secretary of the Navy's Military Retention Task Force, was established to study "How To Improve the Navy's Retention of Trained Personnel."

implementation problems of cost-of-living allowances and to establish a differential cost-of-living allowance based on geographical variation costs.

The second is a report by the SECNAV Policy Board Subcommittee on Living Conditions Afloat and Ashore. Under a recommendation concerning geographic variation in costs, the report made the following comment: "Strongly concur with the recommendation to initiate prompt action to convene an OSD-Services study to resolve the implementation problems of COLA."[1]

## General Approach to Problem

In addition to proposing a basic plan, this chapter will discuss a modification to it that shows promise for making our long-range family housing building program more effective. Envisioned under the basic plan is the establishment of a military family housing cost index by locality based on the results of an annual survey of housing costs of all military persons. The results of the index would be subjected to a statistical analysis and review before being accepted. An integral part of the review would be to insure that the results of the military survey correlated with other indices. Because of the basic differences upon which indices are formulated, experienced judgment as well as subjective interpretation would be required to make the validation process effective. The results should be field tested prior to full-scale implementation of any proposed schedule.

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[1] U.S., Department of the Navy, Bureau of Yards and Docks, Equalization of Cost of Living for CONUS Personnel Study, January 7, 1966, Annex D.

Data recently collected from all services are now being analyzed under the direction of the Air Force. This test when completed should provide us with much information on the effectiveness of a CONUS military survey. Additionally, the experience gained from this initial study should increase the capabilities of the Department of Defense to make an index and enable future surveys to be conducted in a more productive manner.

## Basic Plan Recommended by This Study

The following is a step-by-step procedure for implementing the basic plan:

1. Authority of Joint Per Diem, Travel and Transportation Committee would be extended to cover the administration of a cost-of-housing allowance for CONUS.

2. Only areas where housing costs are in excess of 5 per cent of the present BAQ would be given a cost-of-housing allowance. This recognizes difficulty in establishing exact indices and the government's administrative costs being incommensurate with value of program to the recipient.

3. All military members would continue to draw their BAQ the same as they presently do. The cost-of-housing allowance would be paid only to military personnel living in private housing in areas designated by the committee. The cost-of-housing allowance would be in addition to BAQ and paid monthly, as it is presently overseas.

4. Annually all military people in CONUS not living in government quarters would complete housing costs survey questionnaires and submit them to the committee via their command. Individual commands would be responsible for insuring that all personnel, with limited exceptions, participate in the survey.

5. From the housing cost survey the Joint Per Diem, Travel and Transportation Committee would do the following:

(a) Establish a table of average housing costs paid by military personnel. The tables would be organized to show average costs for each station by rank/rate. In addition, a composite table would be developed for bases receiving support from a mutual community or area. This would provide a means of checking our survey techniques.

(b) Validate the results using other indices as appropriate. Indices to be evaluated are unlimited but examples include FHA, BLS, Census Bureau, National Association of Realtors, National Association of Builders, and National Associate of Apartment Owners. It is realized that they may not be exactly comparable, but skilled and experienced statisticians should be able to see if the results are supportive or otherwise.

(c) Establish a guide or index to be printed in Joint Travel Regulations to authorize a cost-of-housing allowance. Utilize guidelines similar to overseas--i.e., BAQ plus COHA is sufficient for 85 per cent of the people to cover at least 90 per cent of their housing costs.

(d) Adjust indices annually, using the data and information described earlier. For unusual cases--for example, the opening-closing of a large base--the committee would take special timely action to meet the situation. At present, FHA conducts special market studies of specific areas, and their services might be utilized when appropriate.[1]

6. All allowances would be based upon the station where the military member is assigned--not the exact locale of the residence.

7. Housing allowances would be paid for members with dependents and those without dependents similar to the method presently used for overseas allowances. To rate an allowance with dependents, a military member must have dependents residing with him in the area of his duty station.

## Modification To Make Basic Plan Usable as Long-Range Planning Tool

To make the foregoing usable as a long-range planning tool and suitable for our family housing administrators requires a change in how high-housing costs in military impacted areas will be handled. It is emphasized that this change is long-term and is not recommended for inclusion in the basic plan until the required housing, discussed in the next paragraph is available:

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[1] FHA report, Analysis of the Dayton, Ohio, Housing Market as of 1 July 1965, issued January, 1966, is an example of an area survey conducted by FHA of great importance to DOD because of the large number of military families living there.

Modify the basic plan so that cost-of-housing allowances would be paid only in areas where sufficient community assets are available.[1]

Vacancy reports are available from government and nongovernment sources that should give a very good indication when an area is crowded and assets are too limited to permit an orderly competitive housing market to operate. In these areas and areas where the military families are a large portion of the total number seeking houses, cost-of-housing allowances would not be paid. In lieu of the allowances, concentrated efforts would be directed to:

1. Increasing the amount of private housing available.
2. Increasing the number of government quarters on the base or at least in the area.
3. Bringing in trailers or other temporary housing units to alleviate immediate housing problems while a more permanent solution is being achieved.

For this modification to be responsive and successful within a reasonable time, such as two to three years, the building of selected family housing would have to be resumed immediately in the designated areas. If building or a substitute method was not started in the impacted areas, the paying of an allowance in certain areas and not in others, where housing costs are as

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[1] Equalization of Cost of Living for CONUS Personnel Study, op. cit., was the source of this general idea.

high, could only harm the morale of those not helped. The problem essentially renders this plan unusable until the family housing units required are constructed or well on their way.

Discussion of Proposed Plans

This plan proposes to use the present Joint Per Diem Committee as its administering body. The Committee's authority would simply be extended to include CONUS. It is envisioned that only additional staff help would be required and that the present governing body would be sufficient. Thus far, this committee has proven itself capable of successfully solving difficult overseas problems and there is reason to believe that their expertise would likewise prevail over CONUS cost-of-housing problems. Additionally, the committee approach provides for an educated subjective evaluation of the proposed guidelines and the opportunity to inject reason into situations that cannot be adequately quantified, such as areas with a very limited military population. Likewise, suspect statistical data can be revalidated before they are used to establish a cost-of-housing allowance. Finally, a committee decision is well received by the American people as one arrived at by the democratic process.

At present, military personnel stationed overseas are paid a housing allowance when average housing costs, experienced by military personnel, exceed their basic allowance for quarters. Housing allowances are established by the Joint Per Diem, Travel and Transportation Committee,

whose membership includes representatives of each military department. In establishing rates this committee utilizes information collected from service personnel at each pay grade in each area--information that could readily be collected for any CONUS locality. In fact, all services now make some form of survey to justify their family housing requests and to identify where the units should be built.[1] Appendix G is an example of a Family Housing Questionnaire used by the Navy in its Requirements Survey for FY 1967.[2] Adequate information on local housing costs for personnel at each base could be developed from a survey using a less complex questionnaire.

The method used by the Department of Defense in computing overseas housing allowances was developed and is still used by the Department of State. When appropriate, the studies are coordinated or conducted singularly by the Department with the prime interest in an area. Business organizations with American employees abroad often use State Department indices when establishing their pay schedules.[3] Although the foregoing does not prove that the State Department indices are highly accurate, the acceptance of them by business establishments can be considered a plus factor in

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[1]House Subcommittee of the Committee on Armed Services, Hearings, 1962, p. 4839.

[2]U.S., Department of the Navy, Bureau of Yards and Docks, BUDOCKS Notice 11101, March 10, 1965.

[3]U.S., Department of State, Airgram CA-4511, October 22, 1965.

judging the reliability and value of this method for computing a cost-of-housing allowance.

In a pamphlet entitled "What About Allowances?" the State Department gives a simple, clear answer to the question, "How does the State Department determine living quarters allowance rates?"

> The flat /living quarters allowance/ rates are intended to cover customary expenses (rent, heat, light, fuel, gas, electricity, and water) for personnel in adequate but not elaborate or expensive quarters. At large posts the allowance set for each quarters group is approximately equal to the average expenditures of employees in the group. Generally, this results in about 85 per cent of all employees of all agencies at the post being reimbursed for at least 90 per cent or more of their housing costs. The quarters costs information reported by Foreign Service personnel and personnel of other government agencies is used as the basis for calculations.[1]

For types of questionnaires used by the State Department in collecting information on housing costs, see Appendix H.

The information obtained from the survey of military personnel should be subjected to a sound evaluation in accordance with accepted statistical practices. Obvious and questionable results should be checked and verified before proceeding. At present, nongovernmental agencies, such as the National Association of Realtors, as well as governmental agencies, such as FHA, Census Bureau, and the Bureau of Labor Statistics, produce many indices on the cost of housing throughout the United States. Independently or collectively, these may not produce an effective guide on which to base the cost-of-housing allowance for military personnel, but certainly

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[1] U. S., Department of State, What About Allowances?, 1964, p. 9.

these indices could be effectively used in validating the results of the military survey. The quality of this type of validation could be increased by coordinating the surveys as to time, areas, and range of houses covered. Hopefully, over a period of time meaningful relationships could be established between the military survey index and other indices--for example, FHA Table 19M, entitled "Financial Characteristics of Occupant Transactions by Selected Housing Areas for One-Family Homes."[1] The national average of differences index used by the Policies and Procedures Committee for Wage Fixing, Department of the Navy, in establishing wages for non-classified employees, is an example of how knowledgeable people do this type of comparison today.[2]

This plan overcomes one of the problems depicted by General MacArthur and General Coleman in that the military survey means the "yardstick" is in fact based on what the military person is paying and not on irrelevant housing costs of civilians. By validating the results both statistically and with a completely separate index, the credibility of the guide is enhanced and its acceptance increased.

The housing survey of military personnel would be effective if conducted on an annual basis. For the few instances where markets are radically disturbed by actions such as an opening or closing of a large military base, a special survey could be conducted if deemed appropriate.

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[1] FHA Homes 1964--Data for States and Selected Areas, RR 250, Table 19M, Federal Housing Administration, Washington, D. C.

[2] Policies and Procedures for Wage Fixing, op. cit., p. 42.

Mr. Fordyce A. Voss, a statistician with FHA, remarked during an interview that the special cases should be less than 1 per cent in any year and these should not be unreasonable to evaluate.[1]

The Special Study on Variable Quarters Allowance conducted for the Defense Department in 1962 listed three reasons why the direct survey of military people might be unsatisfactory.

1. Persons might submit artificially high reports of housing, anticipating personal monetary gains by this action.

2. Landlords might raise rents as the allowances were raised, thereby escalating rents.

3. Persons might tend to rent better housing than they should.[2]

The study recommended ways to limit most of the weaknesses noted above, such as, for a solution to the first reason given they recommended administrative action like sample spot checking to curtail false reporting. For the last problem, they emphasized it is only a problem if, on the average, military families purchase more housing "units" than they should. No significant problem is expected on this point. The second problem listed above refers to a military impacted area (defined as a noncompetitive rental market due to unusual limited supply) and this is not resolved by the study committee. The Special DOD Study suggested, however, that the forthcoming BAQ increase (January 1, 1963) provided an ideal situation for

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[1] Interview with Fordyce A. Voss, FHA statistician, January 29, 1966.

[2] O'Brien, op. cit., p. 7.

identifying military impacted areas. The committee's logic was that a surve taken prior to the increase could be used to determine an average rental rate for each area. A second survey would be taken six months after the increase Correlation of the results of the survey should reflect the areas where average rentals increased at a higher rate than average. It was expected that the military impacted areas would show a close relationship between the increas in allowances and an increase in the average rental costs.

The foregoing surveys were not taken, so there is no known experience in identifying military impacted areas in this matter. Enactment of the basic plan would again provide the opportunity to identify these areas on an annual basis or more often if the committee so desired. Inflating rental costs in the short term could have the desirable effect of attracting more private housing into the military impacted areas. A plan that would increase a community's ability to support local military units is in consonance with the DOD's policy, expressed in the DOD's Instruction 4165.45 of June 9, 1965.[1] Communities near military installations will be relied on as the primary source for the housing of military personnel. Conceivably the positive action of providing more money, thus increasing the demand, into a military impacted area will achieve the desired result in the end, even though there will be instances of profiteering by owners of housing units while the market

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[1]DOD's basic policy is to assure that career military men have adequate economical housing in which to shelter their families. In implementing this policy, communities near military installations will be relied on as the primary source of family housing for military personnel.

is catching up. Coordination between local builders and government administrators of family housing would be vital to maximize the results.

On the positive side of this method, the 1962 DOD Study on Variable BAQ concluded:

> Finally, the method of direct survey of military families can be defended on the grounds of expediency. It would require much study and considerable time and expense to compile the desired information on any other basis, while the direct survey method is already being used to a limited extent and could be implemented within the military establishment with only a slight expansion of administrative facilities.[1]

Other pertinent points that support this method because it considers some of the problems unique to the military families and their itinerant compatriots are:

1. Rent for the same house if negotiated every two years is apt to rise faster than one which a family rents for five to ten years.

2. Contracts negotiated while living in an expensive motel puts the military family at a disadvantage, and they must often settle for something too expensive and/or inadequate.

3. Limited knowledge of the community in regard to preferable neighborhoods and going prices is a disadvantage.

4. Military members often have to rent larger houses to have adequate space to store climatic items used at last duty station but not at their new one. For example, snow shovels, ski equipment, and

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[1] O'Brien, op. cit., p. 9.

winter clothing are of little use to the military person while he is stationed at Key West, Florida, but may be vital if transferred to Brunswick, Maine. Therefore, he must store the items unless he wants to be faced with a large cash outlay when he returns North.

5. This system would be more easily understood by the military families especially if they have been stationed overseas at some time.

6. The standard of living in the United States continues to rise. This system would reflect the higher cost of housing that results from this in a more timely manner than our present methods do.

## Need for Detailed Surveys of Housing Costs Outside the Defense Department

Today, the Federal Government is increasingly involving itself in the housing problems of the entire United States. Housing and urban development problems are so acute in the United States at present that a new Department was established to deal with these problems in January 1966. It is easy to envision that very detailed housing surveys will be conducted in conjunction with programs such as the Poverty Program and the Urban Development Program. There already is an experimental rent subsidy program being conducted in metropolitan areas such as Boston and Washington, D. C. This program of Federal subsidies permits families with low incomes to live in adequate private quarters rather than in run-down public quarters.[1] Initially it was necessary to be sure that more money was part

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[1] Wall Street Journal, January 24, 1966, p. 1.

of the answer and there was not just an overall shortage of housing. This problem is basically similar to part of the military housing problem. An interchange of housing statistics and survey results will help everyone do their job better.

Critics of this plan point out that it costs a large amount of money to take detailed surveys and then properly evaluate them. Congress has previously expressed itself on the importance of detailed housing surveys. Wildavsky reports the view of Congress in the following experience of the Census Bureau in obtaining funds for a national housing survey:

> After the Census Bureau had made an unsuccessful bid to establish a national housing survey, Representative Yates gave it a useful hint. The proposed survey "is so general," Yates said, "as to be almost useless to the people of a particular community. . . . This would help someone like Armstrong Cork, who can sell its products anywhere in the country . . . but will it help the construction industry in a particular area to know whether or not it faces a shortage of customers?" Later, the Bureau submitted a new program that called for a detailed enumeration of metropolitan districts with a sample survey of other areas to get a national total. Endorsed by mortgage holding associations, the construction material industry, and Federal and state housing agencies, the new National Housing Inventory received enthusiastic support in Congress.[1]

The same organizations that supported the later Census Bureau proposal would also be interested in a detailed survey of military family housing costs by locality and could be expected to support the survey actively. A properly administered survey of military housing costs should provide valuable information for use by many government and civilian agencies in addition to the Department of Defense.

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[1] Wildavsky, op. cit., p. 67.

## Summary

The proposed plan is relatively simple. Even if a cost-of-housing allowance were not being considered for CONUS, it appears desirable that our family housing surveys should collect and tabulate all housing costs by areas. Representative Hardy appeared disillusioned by the "slipshod" methods used to support family housing projects. Further, this information should be disseminated to other agencies and organizations having use for such data. The proposed system is thought to be superior for setting housing allowances for military people because the data reflect actual experiences and takes into account their unique problems related to obtaining adequate housing.

# CHAPTER VI

## SUMMARY AND CONCLUSIONS

> No army can withstand the strength of
> an idea whose time has come.
>
> -- Victor Hugo

This paper has discussed one of the major problems facing military persons today--housing. Housing costs vary widely throughout the United States. Only a limited number of military families are provided quarters. The remainder are paid a BAQ which is intended to cover the cost-of-housing equivalent to quarters that would be furnished if available. Generally, housing is a problem for only military persons assigned to metropolitan or military impacted areas. The present BAQ schedules do not recognize the widely varying costs of housing throughout the United States. This means that a uniform BAQ schedule applied straight across-the-board over the entire United States leaves the military person assigned duty in high housing cost areas at a disadvantage. More bluntly, it means oftentimes, because of official orders, that military members are forced to lower their standard of living or eat into savings when their new duty station has high housing costs. A good illustration of this was given in Chapter III, which pointed out that the Navy Financial Management class average for housing costs in Washington was $56 more than at their previous duty station, and an average of $80 more than their BAQ.

The theme throughout this study has been that military persons should be paid a sufficient housing allowance to provide them with adequate housing, irrespective of where they are assigned. To accomplish this, the study recommends a cost-of-housing allowance for military persons in areas where housing costs average higher than BAQ. Generally, there is agreement that a variable BAQ for CONUS is desirable, but heretofore the stumbling block has been finding a way to satisfactorily implement and administer such a plan.

## Findings of Study

The reader will recall that in Chapter I the difficulties associated with enacting a variable BAQ were highlighted in the form of questions. Further, it was observed that an implementation and administration program that would satisfactorily resolve the questions posed, stood an excellent chance of being accepted. To summarize for the reader, the questions are repeated, followed by the findings of this study.

### Is it possible to develop a regional index of sufficient accuracy on which to base BAQ?

This study expresses the opinion that a regional index of sufficient accuracy for use in administering a variable BAQ could be established, based on annual surveys of housing costs for military personnel. This system is presently used by both the Departments of State and of Defense in establishing overseas allowances. Certainly, a survey method good in one place should be adequate for other areas when similar persons would be the

participants. This conclusion is supported by the findings of the 1962 special DOD study group on variable BAQ.

Will a system based upon such an index be economically feasible to administer?

Presently, housing surveys are conducted annually at all military installations throughout the United States in conjunction with the family housing programs. The conclusion reached in this study was that a less complex annual questionnaire could provide all the required data for both the variable BAQ index and the family housing program.

How often must/should the regional housing index be updated?

Except in unusual circumstances, the regional housing indices would be updated annually. For the exceptions, about 1 per cent of the total, either special military surveys could be taken or FHA could be contracted to conduct a special area survey.

Would this system make our military pay and allowances more equitable than at present?

A variable BAQ would certainly make the military pay system more equitable. There are many cost-of-living factors that vary as one is transferred about the United States, but because housing is by far the largest variable in CONUS cost of living, the elimination of this variable would greatly reduce the overall cost-of-living variation. Under the present pay allowance system, a limited survey of the Navy Financial Management class at The George Washington University, Washington, D. C., showed that on

the average housing costs rose $56 per month when the member moved to Washington. Another way of stating the foregoing point is that on the average the class took a $56 per month pay cut when the members moved to Washington, D. C. A variable BAQ would eliminate the foregoing inequity.

> Are there successful pay and allowance systems in use in the United States today that utilize indices as a basis for setting and changing pay and allowance rates? If so, would they be good models to follow in designing a CONUS variable BAQ?

At present in the United States, over 2.5 million workers have their wages based on either the national or local Consumer Price Index. The Department of Defense uses surveys and indices not only in establishing allowances for its personnel overseas, but in establishing wage rates for its blue-collar workers. This study recommends the system presently used by the Departments of State and of Defense in establishing overseas allowances as the best method for administering a variable BAQ. If this system proves unsatisfactory, surveys such as those used by the Department of the Navy, Office of Industrial Relations, in setting blue-collar wages appear usable and effective. However, these would require more effort and money to obtain the quality expected of the preferred method. For example, collection of housing cost information would cost more and the sample size would have to be smaller.

## Recommended Further Studies

The surveys reported on in this study were limited. Prior to the acceptance of the recommended method for establishing an index of military housing costs by area, a statistically computed sample should be taken and analyzed either separately or in conjunction with the Air Force evaluation of housing costs under way at this time.

## Conclusion

In conclusion it can be stated that this study supports the hypothesis that a CONUS variable BAQ is possible, feasible, and desirable.

# APPENDICES

# APPENDIX A

## 1907 COMMUTATION OF QUARTERS SCHEDULE
(34 Stat. 1168)

| Grade | Number of Rooms |
|---|---|
| Second Lieutenant . . . . . | 2 |
| First Lieutenant . . . . . | 3 |
| Captain . . . . . | 4 |
| Major . . . . . | 5 |
| Lieutenant Colonel . . . . . | 6 |
| Colonel . . . . . | 7 |
| Brigadier General . . . . . | 8 |
| Major General . . . . . | 9 |
| Lieutenant General . . . . . | 10 |

Rate per room: $12 monthly

# APPENDIX B

## 1942 RENTAL ALLOWANCE SCHEDULE
(56 Stat. 361 ff)

Officers

| Pay Period* | Rates: With Dependents | Rates: Without Dependents |
|---|---|---|
| 1 | $ 60 | $ 45 |
| 2 | 75 | 60 |
| 3 | 90 | 75 |
| 4 | 105 | 90 |
| 5 | 120 | 105 |
| 6 | 120 | 105 |
| General/Admiral | 120 | 105 |

* - Roughly equivalent to current officer grade 0-1 through 0-8, respectively, but having a longevity concept which precludes exact equating of pay periods to current officer grades.

# APPENDIX C

## 1949 QUARTERS ALLOWANCE
(63 Stat. 813)

| Pay Grade | With Dependents | Without Dependents |
|---|---|---|
| 0-8 | $150.00 | $120.00 |
| 0-7 | 150.00 | 120.00 |
| 0-6 | 120.00 | 105.00 |
| 0-5 | 120.00 | 90.00 |
| 0-4 | 105.00 | 82.50 |
| 0-3 | 90.00 | 75.00 |
| 0-2 | 82.50 | 67.50 |
| 0-1 | 75.00 | 60.00 |
| W-4 | 105.00 | 82.50 |
| W-3 | 90.00 | 75.00 |
| W-2 | 82.50 | 67.50 |
| W-1 | 75.00 | 60.00 |
| E-7 | 67.50 | 45.00 |
| E-6 | 67.50 | 45.00 |
| E-5 | 67.50 | 45.00 |
| E-4 (7 or more years' service)[a] | 67.50 | 45.00 |
| E-4 (less than 7 years)[a, b] | 45.00 | 45.00 |
| E-3[b] | 45.00 | 45.00 |
| E-2[b] | 45.00 | 45.00 |
| E-1[b] | 45.00 | 45.00 |

[a] Service authorized to be credited in computation of basic pay pursuant to sec. 202 of the Act.

[b] Considered at all times as without dependents pursuant to subsection (a) of this section.

# APPENDIX D

6 December 1965

To: Active Duty Military Personnel

The information obtained by this questionnaire will be analyzed and used in the writing of a Master's thesis on the subject, Developing a Cost of Living Allowance for the Military in the U.S. At present both the military and the State Department have such a system overseas. Hopefully your response to this questionnaire will assist in compiling a meaningful sample of housing costs in the U.S. for military personnel. Estimates are desired where necessary.

You may sign your name if you so desire but it is not necessary. However, the following information is essential to the survey:

a. Rank and service.
b. Pay (base pay plus incentive pay).
c. BAQ.
d. BAS or commuted rations allowance.

The foregoing information will be used in comparing actual housing costs with BAQ. Further, this information will show the relationship of housing costs to total income.

As presently envisioned the basic BAQ rate would be maintained in its present form. A cost of living allowance would be paid only in areas where the cost of housing (including heat, electricity, water, etc.) exceeds the BAQ.

Any comments, pro or con, as to your feelings concerning a CONUS cost of living allowance are desired.

When the questionnaire is completed, please return it to:

Room 206, Government Hall
George Washington University
Washington, D.C. 20006

Thank you.

O. B. ROSS
LCDR, SC, USN

# COST OF HOUSING QUESTIONNAIRE
# FOR ACTIVE DUTY MILITARY PERSONNEL

If at one duty station you lived in both Government quarters and private housing, please fill out subsections A, B and C. If you lived in Government quarters only, please complete just subsections A and C.

1. Present Duty Station

A. Station _____ Location of duty _____
station city state

Date reported _____

Rank _____ (If promoted while at this station, please list all ranks with date of rank after each.)

How many road miles to your place of work _____

B. Fill out appropriate section.

| Owned | | Rented | |
|---|---|---|---|
| Monthly payments (incl. taxes, ins.) | _____/mo. | Rent | _____/mo. |
| Repair costs (annual) ____ / 12 = | _____/mo. | Water, sewerage | _____/mo. |
| Water, sewerage | _____/mo. | Electricity | _____/mo. |
| Electricity | _____/mo. | Heat | _____/mo. |
| Heat | _____/mo. | Trash, garbage | _____/mo. |
| Trash, garbage | _____/mo. | Other | _____/mo. |
| Other | _____/mo. | | |

C. Lived in Government quarters _____ Forfeited BAQ $ _____

D. Any comments you desire to add.

2. Previous Duty Station

A. Station _____ Location of duty _____
station city state

Date reported _____

Rank _____ (If promoted while at this station, please list all ranks with date of rank after each.)

How many road miles to your place of work _____

B. Fill out appropriate section.

| Owned | | Rented | |
|---|---|---|---|
| Monthly payments (incl. taxes, ins.) | _____/mo. | Rent | _____/mo. |
| Repair costs $\frac{\_\_\_\_}{12}$ = | _____/mo. | Water, sewerage | _____/mo. |
| Water, sewerage | _____/mo. | Electricity | _____/mo. |
| Electricity | _____/mo. | Heat | _____/mo. |
| Heat | _____/mo. | Trash, garbage | _____/mo. |
| Trash, garbage | _____/mo. | Other | _____/mo. |
| Other | _____/mo. | | |

C. Lived in Government quarters _____ Forfeited BAQ $ _____

D. Any comments you desire to add.

3. Second Previous Duty Station

A. Station _____ Location of duty _____
station city state

Date reported _____

Rank _____ (if promoted while at this station, please list all ranks with date of rank after each.)

How many road miles to your place of work _____

B. Fill out appropriate section.

| Owned | | Rented | |
|---|---|---|---|
| Monthly payments (incl. taxes, ins.) | _____/mo. | Rent | _____/mo. |
| | | Water, sewerage | _____/mo. |
| Repair costs (annual) | $\frac{\_\_\_\_}{12}$ = _____/mo. | Electricity | _____/mo. |
| Water, sewerage | _____/mo. | Heat | _____/mo. |
| Electricity | _____/mo. | Trash, garbage | _____/mo. |
| Heat | _____/mo. | Other | _____/mo. |
| Trash, garbage | _____/mo. | | |
| Other | _____/mo. | | |

C. Lived in Government quarters _____ Forfeited BAQ $ _____

D. Any comments you desire to add.

4. The last adjustment in our BAQ was voted by Congress in 1962. During the hearings on this bill Charles P. Runge, Assistant Secretary of Defense for Manpower, testified, "We recognize the desirability of an allowance structure which could differentiate between high-cost and low-cost areas and have been studying the possibility of developing local or regional rates, thus far without much success."

How would you determine the housing costs by area for military personnel? Please check at least one -- more than one if appropriate.

_____ a. Survey of military personnel to obtain present actual housing costs by area.

_____ b. Use regional index based on Consumer Price Index.

_____ c. Use regional index based on FHA statistics.

_____ d. Other. Explain.

_____ e. There is no adequate method of determining regional housing costs.

General comments:

# APPENDIX E

## EXCERPT FROM U.S. CONGRESS, HOUSE SUBCOMMITTEE OF THE COMMITTEE ON ARMED SERVICES, HEARINGS, PROPOSED AMENDMENTS TO THE CAREER COMPENSATION ACT OF 1949, REPORT NO. 46, 87th Cong., 2d Sess., 1962, pp. 4837-4839

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Mr. Hardy. One other question that I have to get my thinking straight on and I haven't got it very straight. We talked about, somewhere in your statement, and I can't seem to put my finger on it now, you made reference to problems which would be involved in trying to differentiate between the cost of rentals in different areas.

Now that shouldn't present any insurmountable problem. Maybe it does get into a lot of detail. But it shouldn't be insurmountable because you do it in your overseas station allowances, don't you?

Secretary Runge. Yes, sir; we do.

Mr. H. And you must have a pretty good information, I would think, on costs in different areas in the Continental United States. This BAQ business, when you put a flat figure, a flat percentage increase, it is going to, in some cases it may be more than adequate and in other cases it is going to be very inadequate.

I sort of hoped that you might have given a little more study to the possibility of basing your quarters allowance on the particular area.

Sec. R. Mr. Hardy, I know of your concern on this particular problem. The fact of the matter is that we do not have a statistical base on which to do this. As I indicated, we have national figures and we have regional and area figures.

We do not have local figures which would relate to a specific base. You could have this situation: Say, the Southwest region, or the State of Texas, that you may have an average cost across the board for the State of Texas, but it will not relate to the situation at Fort Hood. So that to do this, Mr. Hardy, in terms of what you are suggesting, it would mean very precise surveying in all of the areas in which we have major bases.

Mr. H. If you don't have surveys, Mr. Secretary, in those areas now, then I certainly have been misguided. In the first place you have got to make surveys of the available housing and of their rental rate in order to be able to come in here and ask for authority to build any appropriated fund housing or to get Capeharts or what have you. You have had to do that over the years.

So you must have, unless you have been fooling this committee, unless the Department has been fooling this committee over the years, you must have this data in every area adjacent to one of these military installations.

Mr. Rivers. I can tell you they don't.

Mr. H. If they don't then they have been coming in here misleading us, every time they have asked for Capeharts.

Mr. Rivers. I know this, in my own area I had a running fight with the GAO. The GAO said that the military had left it to the F. H. A. and the military--the GAO is talking, they said that the military had defaulted its responsibility. So I said, "If you know so much about it, suppose you go down there and make one." And that is what they did.

Mr. H. Every time that the military have come in here--

Mr. R. They use FHA.

Mr. H. (continuing) and asked for authority to build appropriated fund housing or Capehart housing or Wherry housing, they have come in here with a tabulation of inadequate quarters, and what is the basis for inadequate quarters?

The major basis for the ones that are rented are the excessive rents that are charged. And if you don't have your data on it, then this committee has been given false testimony and misleading testimony over the years, and I don't appreciate that kind of information coming in here now.

Mr. R. Well, they haven't made any strict investigation. I got one in my area because I went down and supervised it.

Mr. H. You have got Capeharts down there and those Capeharts were not approved without a submission in detail of the alleged number of units that were available in the community, that were inadequate because of size or because of rent or what have you.

Mr. R. They have left it to FHA, Mr. Hardy.

Mr. Wilson. FHA makes a survey each time.

Mr. H. The military submits it to us.

Mr. R. That is what they rely on.

Mr. H. And they have been using that to justify approval of this construction and now they come in here and tell us they haven't got it. What in the Sam Hill have they been getting this authority on?

Mr. R. FHA.

Mr. H. All right. They relied on FHA when they wanted something to get authority to build, but now when they want to get a quarters allowance adjustment which I grant you they need, but now they can't use these same figures they have had all the time.

Sec. R. Mr. Hardy, it is quite right that a certain amount of data is gathered to back up housing requests. I think, if I am not mistaken, this particular year there is a request for housing programs at 231 stations, which means that the information that your committee requires for authorization of housing--

Mr. H. Here is the gentleman that has got it.

Sec. R. This is Mr. Reed.

Mr. H. Mr. Reed has all this information. You mean he has been holding out on you?

Mr. R. Mr. Reed, where did you get your information?

Mr. Reed. Mr. Chairman, this information is developed at each installation on an average--excuse me, an annual basis.

Sec. R. Every installation.

Mr. Reed. Yes, on what the men are paying in the civilian community. As Mr. Hardy pointed out, it is the basis for our justifying to the parent committee.

Mr. H. Mr. Reed, don't you see the little problem that I get here in letting you use that in one case and telling us it doesn't exist in another.

Mr. R. Mr. Hardy is getting some Capeharts. They got some last year. I don't know whether there are any appropriated this year. I think you knew you had a shortage, didn't you

Mr. H. Yes, I knew what the score was.

Mr. Reed. I think the severe problem is admission of this data which is available annually.

Mr. R. Mr. Hardy is not mad at you. That is just the way he gets his information. But you had better know your facts when you get before Mr. Hardy. Let's go on.

Mr. H. I don't want to belabor the thing, Mr. Chairman, but when you come in here and tell us you don't have the information on a basis of the area in which the installation is located, Mr. Secretary, you either don't know what you are talking about or then the committee has been misled over the years.

Mr. R. He is not in that business, though.

Mr. H. I understand that, but nevertheless he is talking about housing, about allowance for it.

Mr. R. There is one thing for sure, this bill needs to be passed. I guarantee that.

Mr. H. There isn't any argument about that, but I do think we need to know what we are doing and why we are doing it.

Mr. R. I think you are right.

Sec. R. Mr. Hardy, in terms of doing the local kind of survey and the local basis of information, as you know, the Department had this housing study panel, and their conclusion was and their report to the Secretary was the statistical base, the information on the local level was not adequate on which to base a case-by-case, local-by-local change of system.

I agree with you that this is something we should pursue, and we will.

Mr. H. I don't know how far you ought to pursue it, Mr. Secretary, but I tell you this: It is very confusing and disconcerting to me for you to come in here and say that you do not have it, and Mr. Reed has just

been in here with the individual station requests and telling us that they did have it.

Now if he can use it to support his position, then you ought not to be able to throw it out, and say you haven't got it. That is the whole story.

# APPENDIX F

DEPARTMENT OF THE NAVY
Office of Industrial Relations
Washington, D.C. 20390

12 Oct 1965

From: Chief of Industrial Relations
To: Selected Addressees

Subj: Schedule of Wages for the CHARLESTON, SOUTH CAROLINA, Area

1. The following is a new schedule of wages for the subject area, superseding the schedule dated 12 October 1964. It is effective the first pay period after 26 October 1965.

## General Wage Service

| Step Rates | | | |
|---|---|---|---|
| Level | 1st | 2nd | 3rd |
| 1 | $1.75 | $1.82 | $1.89 |
| 2 | 1.80 | 1.88 | 1.96 |
| 3 | 1.96 | 2.04 | 2.12 |
| 4 | 2.10 | 2.19 | 2.28 |
| 5 | 2.26 | 2.35 | 2.44 |
| 6 | 2.41 | 2.51 | 2.61 |
| 7 | 2.56 | 2.67 | 2.78 |
| 8 | 2.73 | 2.84 | 2.95 |
| 9 | 2.88 | 3.00 | 3.12 |
| 10 | 3.03 | 3.16 | 3.29 |
| 11 | 3.19 | 3.32 | 3.45 |
| 12 | 3.25 | 3.39 | 3.53 |
| 13 | 3.32 | 3.46 | 3.60 |
| 14 | 3.39 | 3.53 | 3.67 |
| 15 | 3.46 | 3.60 | 3.74 |
| 16 | 3.52 | 3.67 | 3.82 |

| Pay Differentials* | |
|---|---|
| Level | Hourly |
| A | $ .13 |
| B | .27 |
| C | .40 |
| D | .53 |
| E | .66 |
| F | .83 |
| I | 1.33 |
| K | 1.66 |
| L | 1.83 |
| 2nd Shift | .06 |
| 3rd Shift | .09 |

| Floor Rates - 2nd Step Hourly (General Wage Service Only) | |
|---|---|
| Leadingman | $3.16 |
| Quarterman | 3.63 |
| Chief Quarterman | 4.11 |

* - These differentials apply to all services except where others are specified elsewhere in this schedule.

* * * * * * * * * * * * * * *

20 July 1965

From: Chief of Industrial Relations
To: Selected Addressees

Subj: Schedule of Wages for the HAMPTON ROADS, VIRGINIA, Area

1. The following is a new schedule of wages for the subject area, superseding the schedule dated 22 July 1964. It is effective the first pay period after 27 July 1965.

## General Wage Service

| Step Rates | | | |
|---|---|---|---|
| Level | 1st | 2nd | 3rd |
| 1 | $1.87 | $1.95 | $2.03 |
| 2 | 1.93 | 2.01 | 2.09 |
| 3 | 2.01 | 2.09 | 2.17 |
| 4 | 2.08 | 2.17 | 2.26 |
| 5 | 2.16 | 2.25 | 2.34 |
| 6 | 2.29 | 2.39 | 2.49 |
| 7 | 2.44 | 2.54 | 2.64 |
| 8 | 2.57 | 2.68 | 2.79 |
| 9 | 2.71 | 2.82 | 2.93 |
| 10 | 2.85 | 2.97 | 3.09 |
| 11 | 2.99 | 3.11 | 3.23 |
| 12 | 3.05 | 3.18 | 3.31 |
| 13 | 3.12 | 3.25 | 3.38 |
| 14 | 3.19 | 3.32 | 3.45 |
| 15 | 3.25 | 3.39 | 3.53 |
| 16 | 3.32 | 3.46 | 3.60 |

| Pay Differentials* | |
|---|---|
| Level | Hourly |
| A | $ .12 |
| B | .25 |
| C | .37 |
| D | .50 |
| E | .62 |
| F | .78 |
| I | 1.24 |
| K | 1.56 |
| L | 1.71 |
| 2nd Shift | .16 |
| 3rd Shift | .16 |

| Floor Rates - 2nd Step Hour (General Wage Service Only) | |
|---|---|
| Leadingman | $2.97 |
| Quarterman | 3.42 |
| Chief Quarterman | 3.86 |

* - These differentials apply to all services except where others are specified elsewhere in this schedule.

* * * * * * * * * * * * * *

19 Nov 1965

From: Chief of Industrial Relations
To: Selected Addressees

Subj: Schedule of Wages for the BOSTON, MASSACHUSETTS, Area

1. The following is a new schedule of wages for the subject area, superseding the schedule dated 25 November 1964. It is effective the first pay period which begins on or after 30 November 1965.

General Wage Services

| Step Rates | | | |
|---|---|---|---|
| Level | 1st | 2nd | 3rd |
| 1 | $2.22 | $2.31 | $2.40 |
| 2 | 2.28 | 2.37 | 2.46 |
| 3 | 2.38 | 2.48 | 2.58 |
| 4 | 2.49 | 2.59 | 2.69 |
| 5 | 2.59 | 2.70 | 2.81 |
| 6 | 2.68 | 2.79 | 2.90 |
| 7 | 2.77 | 2.89 | 3.01 |
| 8 | 2.86 | 2.98 | 3.10 |
| 9 | 2.95 | 3.07 | 3.19 |
| 10 | 3.04 | 3.17 | 3.30 |
| 11 | 3.13 | 3.26 | 3.39 |
| 12 | 3.24 | 3.37 | 3.50 |
| 13 | 3.35 | 3.49 | 3.63 |
| 14 | 3.46 | 3.60 | 3.74 |
| 15 | 3.59 | 3.74 | 3.89 |
| 16 | 3.73 | 3.89 | 4.05 |

| Pay Differentials* | |
|---|---|
| Level | Hourly |
| A | $ .13 |
| B | .26 |
| C | .39 |
| D | .52 |
| E | .65 |
| F | .82 |
| I | 1.30 |
| K | 1.63 |
| L | 1.79 |
| 2nd Shift | .22 |
| 3rd Shift | .22 |

| Floor Rates - 2nd Step Hourly (General Wage Service Only) | |
|---|---|
| Leadingman | $3.17 |
| Quarterman | 3.65 |
| Chief Quarterman | 4.12 |

* - These differentials apply to all services except where others are specified elsewhere in this schedule.

* * * * * * * * * * * *

22 Nov 1965

From: Chief of Industrial Relations
To: Selected Addressees

Subj: Schedule of Wages for the SAN FRANCISCO BAY, CALIFORNIA, Area

1. The following is a new schedule of wages for the subject area, superseding the schedule dated 23 November 1964. It is effective the first pay period which begins on or after 23 November 1965.

General Wage Service

| Step Rates | | | |
|---|---|---|---|
| Level | 1st | 2nd | 3rd |
| 1 | $2.61 | $2.72 | $2.83 |
| 2 | 2.67 | 2.78 | 2.89 |
| 3 | 2.71 | 2.82 | 2.93 |
| 4 | 2.75 | 2.86 | 2.97 |
| 5 | 2.78 | 2.90 | 3.02 |
| 6 | 2.89 | 3.01 | 3.13 |
| 7 | 2.99 | 3.11 | 3.23 |
| 8 | 3.09 | 3.22 | 3.35 |
| 9 | 3.20 | 3.33 | 3.46 |
| 10 | 3.29 | 3.43 | 3.57 |
| 11 | 3.40 | 3.54 | 3.68 |
| 12 | 3.57 | 3.72 | 3.87 |
| 13 | 3.75 | 3.91 | 4.07 |
| 14 | 3.93 | 4.09 | 4.25 |
| 15 | 4.10 | 4.27 | 4.44 |
| 16 | 4.28 | 4.46 | 4.64 |

| Pay Differentials* | |
|---|---|
| Level | Hourly |
| A | $ .14 |
| B | .28 |
| C | .42 |
| D | .57 |
| E | .71 |
| F | .89 |
| I | 1.42 |
| K | 1.77 |
| L | 1.95 |
| 2nd Shift | .27 |
| 3rd Shift | .27 |

| Floor Rates - 2nd Step Hourly (General Wage Services Only | |
|---|---|
| Leadingman | $3.43 |
| Quarterman | 3.94 |
| Chief Quarterman | 4.46 |

* - These differentials apply to all services except where others are specified elsewhere in this schedule.

* * * * * * * * * * * * *

APPENDIX G

BUREA ARDS AND DOCKS Enc[illegible]osure (1) BUDOCKS[illegible]OTE [illegible]
10 Mar 1965

## QUESTIONNAIRE ON FAMILY HOUSING

SEE [illegible]

OFFICE USE ON [illegible]

| | | |
|---|---|---|
| TYPE [illegible] | NEW [illegible]RMAN[illegible] | [illegible] |
| | NEW [illegible] | (2) |
| | | (3) |
| | | (4) |
| INST[illegible] ON CODE (P[illegible] | | |

[illegible]ION A [illegible]DENTIFICATION AND GENERAL INFORMATION

| | | |
|---|---|---|
| DAT[illegible] (Month, day, year) | | |
| NAME (last, first, middle initial) | | |
| SERVICE NUMBER | | |
| PAY GRADE (Enter one) | MILITARY | O - |
| | | W - |
| | | E - |
| | CIVILIAN | GS - |
| | | WB - |
| IF E-4 MONTHS OF ACTIVE DUTY | | |
| SERVICE (Check one) | ARMY | (1) |
| | NAVY | (2) |
| | AIR FORCE | (3) |
| | MARINE CORPS | (4) |
| ORGANIZATION OR UNIT | | |
| 10. STATUS (Check one) | PERMANENT PARTY | (1) |
| | STUDENT — OVER 20 WEEKS | (2) |
| | STUDENT — UNDER 20 WEEKS | (3) |
| | OTHER | (4) |
| 11. LOCAL ADDRESS | | |
| 12. MAR[illegible] STATUS (Check one) | MARRIED | (1) |
| | SINGLE | (2) |
| 13. DEPENDENTS YOU SUP[illegible] — a. WIFE (Check one) | YES | (1) |
| | NO | (2) |

| | | | |
|---|---|---|---|
| b. OTHER (Enter month and year of birth and check male (M) or female (F). If more than 8, list 8 oldest.) | DEPENDENT NO. 1 | DOB | |
| | | M | F |
| | DEPENDENT NO. 2 | DOB | |
| | | M | F |
| | DEPENDENT NO. 3 | DOB | |
| | | M | F |
| | DEPENDENT NO. 4 | DOB | |
| | | M | F |
| | DEPENDENT NO. 5 | DOB | |
| | | M | F |
| | DEPENDENT NO. 6 | DOB | |
| | | M | F |
| | DEPENDENT NO. 7 | DOB | |
| | | M | F |
| | DEPENDENT NO. 8 | DOB | |
| | | M | F |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| CODING | PC | M$ | BR | FL | SR | LP | NC | N$ | NS | HP |

14. IS YOUR FAMILY LIVING WITH YOU? (Check one) — YES / NO

*(If "YES" and you (a) Rent non-military [illegible] or trailer, complete Section B only; (b) Occupy your own home or trailer, complete Section C only; (c) Occupy military housing, complete Section D only.)*

15. IF ANSWER TO QUESTION 14 IS "NO":

a. WHAT IS YOUR PRINCIPAL REASON FOR [illegible] BRINGING YOUR FAMILY TO THIS AREA? (Check only one)

- NO ADEQUATE HOUSING AVAILABLE
- RACIAL DISCRIMINATION IN HOUSING
- OTHER RACIAL DISCRIMINATION
- OTHER PERSONAL REASONS

b. IF ADEQUATE HOUSING [illegible]O BEEN AVAILABLE WHEN YOU ARRIVED AT THIS INSTALLATION WOULD [illegible] HAVE BROUGHT YOUR FAMILY TO THIS AREA? (Check one) — YES / NO

c. IF "YES", WOULD YOU PREFER (Check one) — MILITARY QUAR[illegible] / PRIVATE HOUSI[illegible]

### SECTION B - RENT NON-MILITARY HOUSING [illegible] TRAILER IN THE AREA

| | | |
|---|---|---|
| 16. DO YOU RENT A (Check one) | HOUSE | |
| | APARTMENT | |
| | TRAILER | |
| 17. NUMBER OF BEDROOMS | | |
| 18. IF [illegible]OU RENT A PRIVATE TRAILER, IS IT LOCATED ON A MILITARY OWNED AND OPERATED SPACE? (Check one) | YES | (1) |
| | NO | |
| 19. WHAT IS THE DIST[illegible]CE FROM YOUR RESIDE[illegible] TO YOUR DUTY STATION? (Nearest mile) | | |
| 20. WHAT IS THE TRAVEL TIME FOR THIS DISTANCE AT THE TIME YOU GO TO WORK? (Minutes) | | |
| 21. WHAT IS YOUR AVERAGE MONTHLY COST FOR (To the nearest dollar) | a. RENT | |
| | b. UTILITIES PAID BY YOU (Including water, electricity, [illegible] garbage [illegible] not rele[illegible]) | |
| | [illegible] TOTAL [illegible] | |
| 22. DO YOU CONSIDER YOUR HOUSING OR TRAILER - - a. ADEQUATE AND SATISFACTORY FOR YOUR NEEDS? (Check one) | YES | |
| | NO | |
| b. IF "NO", CHECK DEFICIENCIES | INADEQUATE UTILITIES | (1) |
| | NOT ENOUGH BEDROOMS | (2) |
| | POOR STRUCTURAL CONDITION | (3) |
| | UNSUITABLE SURROUNDINGS | (4) |
| | EXCESS COST | (5) |
| | INADEQUATE EQUIPMENT | (6) |
| | OTHER (Specify) | (7) |
| 23. IF ADEQUATE MILITARY PUBLIC QUARTERS HAD BEEN AVAILABLE WHEN YOU ARRIVED IN THE AREA, WOULD YOU HAVE PREFERRED SUCH QUARTERS TO RENTING HOUSING OR TRAILER? (Check one) | YES | |
| | NO | |

FOR SECTIONS C AND D CONTINUE ON REVERSE

DD FORM MAR 65 1376

ENCLOSURE (1)

## SECTION C - OWN YOUR HOME OR TRAILER IN THE AREA

| | | |
|---|---|---|
| 24. DO YOU OWN AND OCCUPY A *(Check one)* | HOUSE | (1) |
| | TRAILER | (2) |
| 25. NUMBER OF BEDROOMS | | |
| 26. IF YOU OWN A TRAILER IS IT LOCATED ON A MILITARY OWNED AND OPERATED SPACE? | YES | (1) |
| | NO | (2) |
| 27. WHAT IS THE DISTANCE FROM YOUR RESIDENCE TO YOUR DUTY STATION? *(Nearest mile)* | | |
| 28. WHAT IS THE TRAVEL TIME FOR THIS DISTANCE AT THE TIME YOU GO TO WORK? *(Minutes)* | | |
| 29. WHAT IS YOUR AVERAGE MONTHLY COST FOR *(To the nearest dollar)* | *a.* MORTGAGE PAYMENT *(including taxes and insurance)* | $ |
| | *b.* MAINTENANCE, SPACE RENT *(If trailer)* AND UTILITIES *(Excluding telephone)* | $ |
| | c. TOTAL *(a + b)* $ _____ | |
| 30. DO YOU CONSIDER YOUR HOUSE OR TRAILER - - *a.* ADEQUATE AND SATISFACTORY FOR YOUR NEEDS? *(Check one)* | YES | (1) |
| | NO | (2) |
| *b.* IF *"NO"*, CHECK DEFICIENCIES | INADEQUATE UTILITIES | (1) |
| | NOT ENOUGH BEDROOMS | (2) |
| | POOR STRUCTURAL CONDITION | (3) |
| | UNSUITABLE SURROUNDINGS | (4) |
| | EXCESS COST | (5) |
| | INADEQUATE EQUIPMENT | (6) |
| | OTHER *(Specify)* | (7) |
| 31. IF ADEQUATE MILITARY PUBLIC QUARTERS HAD BEEN AVAILABLE WHEN YOU ARRIVED IN THE AREA, WOULD YOU HAVE PREFERRED SUCH QUARTERS TO BUYING YOUR HOME OR TRAILER? *(Check one)* | YES | (1) |
| | NO | (2) |
| 32. IF ADEQUATE PRIVATE RENTAL HOUSING HAD BEEN AVAILABLE WHEN YOU ARRIVED IN THE AREA, WOULD YOU HAVE PREFERRED SUCH RENTAL HOUSING TO BUYING YOUR HOME OR TRAILER? *(Check one)* | YES | (1) |
| | NO | (2) |

## SECTION D - OCCUPY MILITARY HOUSING IN THE AREA

| | | |
|---|---|---|
| 33. DO YOU OCCUPY *(Check one)* | MILITARY OWNED PUBLIC QUARTERS | (1) |
| | MILITARY LEASED PUBLIC QUARTERS | (2) |
| | MILITARY RENTAL HOUSING | (3) |
| | RENTAL GUARANTY HOUSING | (4) |
| | PRIVATE WHERRY HOUSING | (5) |
| NUMBER OF BEDROOMS | | |
| 35. GIVING DUE CONSIDERATION TO YOUR PRESENT INCOME *(Pay plus quarters allowance)*, *a.* WOULD YOU PREFER TO LIVE OFF POST IN PRIVATE HOUSING? | YES | (1) |
| | NO | (2) |
| *b.* IF *"YES"* WOULD YOU PREFER TO *(Check one)* | RENT HOUSING | (1) |
| | BUY A HOME | (2) |

## SECTION E - RESULTS OF FIELD INSPECTION

*OFFICE USE ONLY*

| | | |
|---|---|---|
| 36. RESULTS | CONFIRM | (1) |
| | REVERSE | (2) |

## INSTRUCTIONS FOR FILLING OUT QUESTIONNAIRE

*(RESPONDENT: Fill in Section A, plus Section B, C or D, as appropriate.)*

### SECTION A - IDENTIFICATION AND GENERAL INFORMATION

3 - 10. Self-explanatory. If you are a civilian, skip Questions 5 and 7 and in Question 8 check the military service which employs you.

11. If your family is not living with you, give BOQ, barracks or other local address.

12. If you are married, check *MARRIED*. If you are divorced, a widower or a bachelor and are authorized to draw basic allowance for quarters for dependency reasons, check *SINGLE*.

13. *a.* Self-explanatory.
*b.* Enter the month and year of birth and sex of each of your dependents who normally live with you, including natural and adopted children and other dependents, such as mother, mother-in-law, sisters, nephews, etc., if any.

14 - 15. Self-explanatory.

### SECTION B - RENT NON-MILITARY HOUSING OR TRAILER IN THE AREA

*(Fill out this section only if you and your family are presently renting an apartment with private kitchen and bath, room(s) with kitchen and/or bath privileges, a single or duplex or row house, or a trailer.)*

16. Check the type of living quarters you are now occupying. If you are occupying room(s) with a bath and/or kitchen privileges, check apartment.

17 - 23. Self-explanatory.

### SECTION C - OWN YOUR HOME OR TRAILER IN THE AREA

*(Fill out this section only if you and your family presently occupy a home or trailer which you own or are buying in this area.*

24 - 32. Self-explanatory.

### SECTION D - OCCUPY MILITARY HOUSING IN THE AREA

*(Fill out this section only if you and your family now live in military-controlled housing or privately-operated Rental Guaranty or Wherry housing. Otherwise, you should have checked "NO" in answering Question 14 in Section A or you should have filled out Section B or Section C.)*

33. Check *MILITARY OWNED PUBLIC QUARTERS* if you occupy Government-owned quarters for which you forfeit your full quarters allowance. Check *MILITARY LEASED PUBLIC QUARTERS* if you occupy an off-post unit leased for you by the Government and you forfeit your full quarters allowance. Check *MILITARY RENTAL HOUSING* if you occupy Government-owned housing *(including inadequate public quarters)* for which you do *NOT* forfeit your full quarters allowance, but pay a fixed monthly rent or have a fixed monthly charge deducted from your pay and allowances. Check *RENTAL GUARANTY HOUSING OR PRIVATE WHERRY HOUSING*, as appropriate, if you live in such a housing project which is privately-owned and operated and you pay a fixed monthly rent to the management.

34 - 35. Self-explanatory.

REMARKS BY EDITOR AND/OR INSPECTOR

| SIGNATURE | DATE |
|---|---|
| | |

# APPENDIX G

FORM FS-335
11-1-57

DEPARTMENT OF STATE
FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

# APPLICATION FOR PAYMENT OF FOREIGN SERVICE ALLOWANCES AND REPORT OF QUARTERS EXPENSES

| POST | AGENCY OR PROGRAM | DATE (Month) (Day) (Year) |
|---|---|---|
| | | |

| NAME | PERSONNEL CLASSIFICATION | TITLE | ANNUAL SALARY |
|---|---|---|---|
| | | | |

| DATE OF ENTRY ON DUTY AT POST | DATE OF ASSIGNMENT TO POST | DATE OF ARRIVAL AT POST | PREVIOUS POST OF ASSIGNMENT |
|---|---|---|---|
| | | | |

## I. FAMILY DOMICILED AT POST

| NAME | RELATIONSHIP | AGE | PERCENTAGE OF DEPENDENCY | PLACE OF RESIDENCE STREET ADDRESS AND CITY | DATE OF ARRIVAL AT POST |
|---|---|---|---|---|---|
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |

## II. FAMILY DOMICILED AWAY FROM POST

| NAME | RELATIONSHIP | AGE | PERCENTAGE OF DEPENDENCY | PLACE OF RESIDENCE STREET ADDRESS, CITY AND COUNTRY |
|---|---|---|---|---|
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| 4. | | | | |

REASON FOR DEPENDENCY OF ADULTS OTHER THAN WIFE

## III. DESCRIPTION OF QUARTERS OCCUPIED BY APPLICANT - WHETHER GOVERNMENT OR PRIVATE

| STREET ADDRESS | APARTMENT OR ROOM NO. |
|---|---|
| | |

CHECK WHETHER:

| A | B | C | D |
|---|---|---|---|
| ☐ 1. HOUSE | ☐ 1. UNFURNISHED | ☐ 1. TEMPORARY LODGING | ☐ 1. GOVT-OWNED OR LEASED |
| ☐ 2. APARTMENT | ☐ 2. FURNISHED | ☐ 2. RESIDENCE QUARTERS | ☐ 2. PRIVATELY LEASED |
| ☐ 3. HOTEL | ☐ 3. PARTLY FURNISHED | | ☐ 3. OWNED BY APPLICANT OR SPOUSE |
| ☐ 4. PENSION | | | |

A. ROOMS USED BY FAMILY AND GUESTS, EXCLUDING HALLWAYS, *(Number)*: BEDROOMS , DINING ROOMS ,
KITCHENS , BATHROOMS , ENTERTAINMENT ROOMS *(Parlors, living rooms, drawing rooms, libraries, etc.)*

B. SERVANTS' ROOMS *(Number)*: BEDROOMS , BATHROOMS

C. OTHER ROOMS *(Description and use of each)*:

D. GARAGES *(Number)*:

| IV. DATE THESE QUARTERS FIRST OCCUPIED | DATE CURRENT LEASE COMMENCED *(If privately leased)* | DATE LEASE EXPIRES *(If privately leased)* |
|---|---|---|
| | | |

## V. IF APPLICANT LETS OR SUBLETS PORTION OF HIS OWNED OR LEASED QUARTERS

| NAMES OF PERSONS TO WHOM QUARTERS ARE LET OR SUBLET BY APPLICANT | U.S. DEPT. OR AGENCY IN WHICH SUBLESSEE IS EMPLOYED | ENTITLED TO QUARTERS ALLOWANCE OR PER DIEM * | NUMBER OF ROOMS LET OR SUBLET | ANNUAL ($) RATE OF PAYMENT TO APPLICANT FOR QUARTERS ONLY | DATE OF INITIAL OCCUPANCY OF THESE QUARTERS BY SUBLESSEE |
|---|---|---|---|---|---|
| 1. | | | | | |
| 2. | | | | | |

## VI. IF APPLICANT RENTS QUARTERS FROM ANOTHER U.S. GOVERNMENT EMPLOYEE

| NAME OF PERSON FROM WHOM QUARTERS ARE RENTED BY APPLICANT | U.S. DEPT. OR AGENCY IN WHICH SUBLESSEE IS EMPLOYED | ENTITLED TO QUARTERS ALLOWANCE OR PER DIEM * | NUMBER OF ROOMS RENTED BY APPLICANT | ANNUAL ($) RATE OF PAYMENT BY APPLICANT FOR QUARTERS ONLY | DATE OF INITIAL OCCUPANCY OF THESE QUARTERS BY APPLICANT |
|---|---|---|---|---|---|
| | | | | | |

## VII. IF APPLICANT SHARES OCCUPANCY AND QUARTERS WITH OTHERS

| NAMES OF PERSONS SHARING QUARTERS | U.S. DEPT. OR AGENCY IN WHICH EMPLOYED | ENTITLED TO QUARTERS ALLOWANCE OR PER DIEM * | ANNUAL ($) RATE OF PAYMENT BY EACH | DATE OF INITIAL OCCUPANCY OF QUARTERS |
|---|---|---|---|---|
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |

* *State annual rate of quarters allowance or rate of per diem.*

## VIII. APPLICANT'S DAILY EXPENSES FOR TEMPORARY LODGING ( ) OR ANNUAL EXPENSES FOR QUARTERS ( ) CHECK SPACE APPLICABLE

| ITEM SUPPORT EXPENSES BY SUBMITTING COPY OF LEASE OR RENTAL AGREEMENT, RECEIPTS, OR CANCELLED CHECK. IF UNOBTAINABLE, EXPLAIN WHY UNOBTAINABLE AND CERTIFY UNDER "REMARKS". | (2) FOREIGN CURRENCY PAYMENTS | (3) U.S. DOLLAR EQUIVALENT OF COLUMN (2) * | (4) U.S. DOLLAR PAYMENTS | (5) U.S. DOLLARS TOTAL OF COLUMNS (3) PLUS (4) ** |
|---|---|---|---|---|
| (A) COMBINED RATE FOR LODGING AND MEALS, WHEN APPLICABLE | | | | |
| (B) SEPARATE RATE FOR LODGING UNDER COMBINED RATE | | | | |
| (C) RATE FOR QUARTERS OR LODGING ONLY. INDICATE UNDER "REMARKS" IF THIS RATE DIFFERS FROM THAT PREVIOUSLY PAID FOR THIS PROPERTY, IF KNOWN. SHOW AMOUNT OF CHANGE | | | | |
| (D) TAXES PAID BY TENANT *(Total from item IX below)* | | | | |
| (E) TOTAL OF (B) OR (C) PLUS (D) | | | | |
| (F) IF APPLICANT OR SPOUSE OWNS QUARTERS INDICATE ONE-TENTH ORIGINAL PURCHASE PRICE | | | | |
| (G) GAS | | | | |
| (H) ELECTRICITY | | | | |
| (I) OTHER HEAT, LIGHT, FUEL, *(Specify)* | | | | |
| (J) WATER *(Excluding costs for bottled drinking water)* | | | | |
| (K) SEPARATE RENTAL GARAGE, OR FURNITURE *(Specify)* | | | | |
| (L) INSURANCE REQUIRED BY LOCAL LAW TO BE PAID BY TENANT | | | | |
| (M) TOTAL (G) TO (K) INCLUSIVE | | | | |
| (N) GROSS TOTAL, (E) OR (F) PLUS (M) | | | | |

* *Compute at exchange rate on date of application ($1 U.S. equals _____ ). Use the most favorable rate at which you obtain foreign currency on the date of this application. If more than one such rate is current at post, quote and explain all rates and state which is used above.*

** *Where payments are made in foreign currency list U.S. dollar equivalent (Column 3). Where payments are made in U.S. dollars list U.S. dollar payments (Column 4).*

## IX. SCHEDULE OF ANNUAL TAXES REQUIRED BY CUSTOM OR LAW TO BE PAID BY TENANT

| NATURE OF TAX | AMOUNT *(Foreign Currency)* |
|---|---|
| | |
| | |
| **TOTAL** *(Enter as Item (D) above)* | |

## X. REMARKS

XI. I CERTIFY THAT THE INFORMATION FURNISHED BY ME IN THIS APPLICATION IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

_____
*Signature of Applicant*

XII. I CERTIFY THAT I HAVE EXAMINED THIS APPLICATION AND, WHERE APPROPRIATE, RELATED DOCUMENTS AND CIRCUMSTANCES, AND HAVE FOUND THE INFORMATION AND/OR ESTIMATES FURNISHED THEREIN TO BE COMPLETE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. ACCORDINGLY I HEREBY FIND THE FOLLOWING ALLOWANCES TO BE PROPER FOR GRANTING TO THE APPLICANT ON STANDARD FORM 1160, SUBJECT TO CHANGE IN ACCORDANCE WITH GOVERNING REGULATIONS:

| | |
|---|---|
| TEMPORARY LODGING ALLOWANCE $ _____ PER DAY | POST ALLOWANCE $ _____ PER ANNUM |
| QUARTERS ALLOWANCE $ _____ PER ANNUM | TRANSFER ALLOWANCE $ _____ LUMP SUM |

UNITED STATES CIVIL SERVICE COMMISSION

**HOUSING COST QUESTIONNAIRE**

Form Approved

Budget Bureau No. 50-R139.1

This questionnaire is the housing part of the regular survey of living costs conducted under authority of Executive Order 10,000. *Other cost-of-living categories, such as food, clothing, etc., are priced by survey teams.* Participation in this survey is limited to married male employees.

The answers will be held in strict confidence and will be used only for housing cost comparisons.

As used below "basic annual salary" means the Classification Act of Postal Field Services salary excluding any differentials or cost-of-living allowances.

**PART I. GENERAL**

| | |
|---|---|
| 1. EMPLOYEE'S NAME | 2. CITY OR POST |
| 3. AGENCY | 4. DATE |
| 5. CLASSIFICATION ACT GRADE OR PFS LEVEL | 6. BASIC ANNUAL SALARY |
| 7. NUMBER OF FAMILY MEMBERS IN HOUSEHOLD (INCLUDE EMPLOYEE) ADULTS _____ CHILDREN _____ | |

**PART II. DESCRIPTION OF YOUR HOUSING**

| 1. TYPE OF QUARTERS: (CHECK ONE) | 2. QUARTERS ARE: (CHECK ONE) | 3. ROOMS (ENTER NUMBER) |
|---|---|---|
| ☐ Apartment<br>☐ House<br>☐ Other<br>(Specify) _____ | ☐ Privately Rented<br>☐ Government Owned<br>☐ Employee Owned<br>☐ Co-operatively owned (employee participating) | _____ Total Rooms (excluding bathrooms)<br>_____ Bedrooms<br>_____ Bathrooms |
| 4. DO YOU RECEIVE ANY RENTAL INCOME FROM THESE PREMISES? ☐ NO ☐ YES | | |

**PART III. COST OF HOUSING DESCRIBED IN PART II. (Complete A or B)**

A. IF QUARTERS ARE RENTED

| 1. DATE OCCUPIED (MO. AND YR.) | 2. ANNUAL RENTAL PAYMENTS | 3. ANNUAL EXPENSES PAID BY TENANT FOR HEAT, LIGHTS, WATER, & COOKING |
|---|---|---|
| 4. DOES LANDLORD PROVIDE<br>LIVING ROOM FURNITURE ☐ NO ☐ YES | DINING ROOM FURNITURE ☐ NO ☐ YES | BEDROOM FURNITURE ☐ NO ☐ YES |

B. IF QUARTERS ARE OWNED

| 1. YEAR PURCHASED | 2. PURCHASE PRICE | 3. ANY SETTLEMENT, SUBDIVISION OR REAL ESTATE COSTS NOT INCLUDED IN PURCHASE PRICE * |
|---|---|---|
| 4. PRESENT MARKET VALUE (IF KNOWN) | 5. ANNUAL EXPENSES FOR HEAT, LIGHTS, WATER & COOKING | 6. APPROXIMATE PRESENT AGE OF HOUSE (YEARS) |
| 7. TYPE OF FINANCING<br>☐ VA ☐ FHA ☐ CONVENTIONAL ☐ OTHER<br>Specify _____ | 8. RATE OF INTEREST<br>FIRST MORTAGE _____ SECOND MORTAGE _____ | |

* Itemize any major expenses in remarks space.

(THIS FORM CONTINUED ON REVERSE SIDE)

CSC FORM 689-A
JULY 1965

B. (Continued)

9. LIST EXPENDITURES LAST YEAR FOR:

(a) Real Estate Taxes . . . . . $ _____

(b) Property Insurance (fire, windstorm, etc., on house only, excluding contents) . . . . $ _____ for _____ years coverage

(c) Land Rent, if any (number of years remaining in lease _____) . . . . . $ _____ *

(d) Painting and Repairs to house . . . . . $ _____ *

(e) Improvements to home and grounds (including street and sewage improvements, added rooms, termite control, air conditioning) . . . . . $ _____

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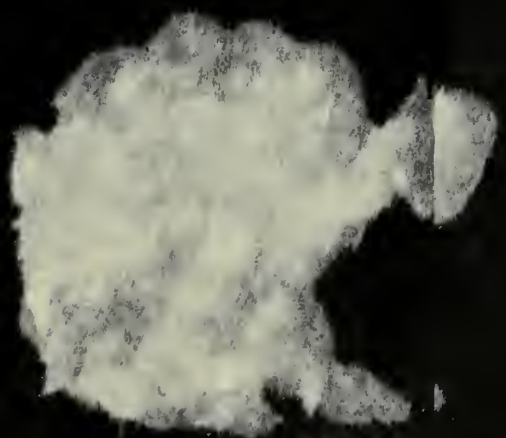

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